Bonneville Power Administration

Proposed Appropriations Language

Expenditures from the Bonneville Power Administration Fund, established pursuant to Public Law 93-454, are approved for the [Northeast Oregon Hatchery Master Plan] *Nez Perce Tribe Resident Fish Substitution Program, the Couer D'Alene Tribe Trout Production facility,* and for official reception and representation expenses in an amount not to exceed $1,500.

During fiscal year [2000] *2001* no new direct loan obligations may be made. *Section 511 of the Energy and Water Development Appropriations Act, 1997, (Public Law 104-206), is amended by striking the last sentence and inserting "This authority shall expire September 30, 2005.". (Energy and Water Development appropriations Act, 2000)*

Explanation of Changes

Proposed FY 2001 appropriation language authorizes construction of facilities as required by the Pacific Northwest Electric Power and Planning Act for new fish and wildlife facilities of $1 million and an economic life greater than 15 years (PL 96-501, sec.4. (H)(10)(B)).

The proposed appropriations language restricts new direct loans in FY 2001 as in FY 2000, and further, retains authority for continued availability of Bonneville's VSI authority through the end of FY 2005. The VSI authority is an important, cost effective tool in Bonneville's cost reduction and organizational downsizing strategies.

Bonneville's FY2001 budget assumes continued availability of Bonneville's VSI authority.

Bonneville Power Administration

Executive Budget Summary

Mission

Bonneville Power Administration (Bonneville, BPA) is the Department of Energy's electric power marketing administration for the Federal Columbia River Power System (FCRPS). Bonneville's mission is to meet its public responsibilities through commercially successful businesses. BPA's business strategies to fulfill its mission can be summarized as meeting the electric energy market price, managing costs to be competitive in providing services to customers, strengthening BPA's financial position, and reorienting the organization to be responsive, flexible and competitive.

BPA provides electric power (about forty percent of the electricity consumed in the region), transmission (about three-fourths of the region's high voltage transmission capacity), and energy efficiency throughout the Pacific Northwest, a 300,000 square mile service area. BPA markets the electric power produced at 29 Federal hydroelectric multipurpose dams in the Pacific Northwest by the Corps of Engineers and the Bureau of Reclamation, and acquires non-Federal power to meet the needs of its customer utilities.

Congress created BPA in 1937 as part of the Bonneville Project Act, providing BPA's basic statutory utility responsibilities and authorities. In 1974, passage of the Federal Columbia River Transmission System Act (Transmission System Act) placed BPA under provisions of the Government Corporation Control Act (31 U.S.C. 9101-9110) and provided BPA with "self-financing" authority through the BPA Fund, a revolving fund, allowing BPA to use its revenues from electric ratepayers to directly fund all programs and to sell bonds to the U.S. Treasury to finance the region's high-voltage electric transmission system requirements. In 1980, enactment of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) expanded BPA's utility obligations and responsibilities to encourage electric energy conservation and develop renewable energy resources, and protect, mitigate and enhance the fish and wildlife of the Columbia River and its tributaries. In support of these expanded responsibilities, BPA's Treasury borrowing authority was expanded to allow the sale of bonds to finance conservation and other resources and to carry out fish and wildlife capital improvements.

BPA's program is mandatory, nondiscretionary. It receives no annual appropriations from Congress. BPA funds the expense portions of its budget and repays the Federal investment in FCRPS with revenues from electric rates. BPA is authorized to sell bonds to the Treasury up to a cumulative outstanding total of $3.75 billion (permanent, indefinite borrowing authority). Through FY 1999, BPA has returned approximately $15.6 billion to the Treasury for payment of FCRPS O&M (about $2.7 billion), interest (about $8.8 billion) and amortization (about $4.0 billion) of appropriations and bonds. Bonneville made its full FY 1999 payment of over $629 million as scheduled. For FY 2000, BPA plans to pay the Treasury $595 million, of which $164 million is to repay investment principal, and $419million is for interest. The FY 2001 Treasury payment is currently estimated at $620 million.

Bonneville's FY 2001 budget has been prepared on the basis of its major areas of activity, Power and Transmission. This structure supports Bonneville's ability to become more competitive in the rapid restructuring of the deregulated wholesale electric energy market. This industry deregulation stems largely from the 1992 Energy Policy Act and ensuing Federal Energy Regulatory Commission (FERC)

orders (FERC orders 888 and 889) requiring separation of utilities power and transmission functions. As a Federal agency, Bonneville is not bound by law to comply with the orders, but chose to comply with the FERC orders because it views compliance as essential to successfully compete in the electric power market of the future. Further, Bonneville supports DOE's October 1995 "Power Marketing Administration Open Access Policy." This budget reflects Bonneville's functional separation of power and transmission and its accounting and budgetary implementation of major activities.

Strategy

BPA's FY 2001 budget incorporates the budget decisions BPA has made to remain competitive in the electric utility industry in the Pacific Northwest as the industry restructures itself. These budget estimates, however, are still subject to continual change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry in the Pacific Northwest. The following table provides a summary of accrued expenditures.

FUNDING SUMMARY (accrued expenditures in thousands of dollars)

	FY 1999	FY 2000	FY 2001
CAPITAL INVESTMENTS			
Power Business Line	$ 57,200	$ 107,400	$103,400
Transmission Business Line	$108,800	$167,500	$207,200
Capital Equipment & Bond Premium	$ 14,300	$ 34,600	$ 20,600
Total Capital Investments	$180,300	$309,500	$331,200
Accrued expenditures will require budget obligations of	$184,900	$309,500	$331,200
Operating Expenses	$2,231,200	$2,117,300	$2,146,700
Projects Funded in Advance	$10,800	$25,000	$25,000
CAPITAL TRANSFERS (cash)	$191,000	$163,000	$163,000
BPA NET OUTLAYS	-$203,000	$53,000	$68,000
BPA STAFFING (FTE)	2,738	2,800	2,755

FY 2001 Performance Measures

Following are Bonneville goals and performance measures for FY 2001. Bonneville has additional performance measures, including Repayment of Power Investment, Safety Performance and Transmission System Reliability. These measures are discussed in the following Overview section.

- Produce gross revenues of over $2 billion from the $14 billion FCRPS investment and provide the U.S. Treasury $620million for operation and maintenance costs and interest and principal payments for the Federal Columbia River Power System.

- Invest $331million in new capital assets for transmission, power, and conservation and energy efficiency.

- Sell about 85,000,000 megawatt-hours of electricity.

- Serve more than 300 wholesale utility and industrial customers and interconnected utilities.

- Operate and maintain over 15,000 circuit-miles of electric transmission lines, 324 electric substations and associated utility and general plant, with a combined transmission system capital investment of about $5 billion.

- Provide and reliably operate about the federal Columbia River Transmission System, which includes 80 percent of the 300,000 square-mile Pacific Northwest's high-voltage electric energy transmission capacity. Work with other regional utilities and others to ensure an effective, efficient power supply system for the region's population of more than 10 million persons.

_____ Date_____

Judith A. Johansen
Administrator and Chief Executive Officer

Funding Profile[a]

(dollars in thousands)

	FY 1999 Actuals	FY 2000 Proposed [b]	FY 2000 Amend.	FY 2000 Revised	FY 2001 Proposed
Capital Investment Obligations					
Associated Project Costs [c]	**31,900**	**NA**	-	**79,000**	**76,000**
Fish & Wildlife [c]	**15,300**	**NA**	-	**27,000**	**27,000**
Conservation & Energy Efficiency [c]	**13,100**	**NA**	-	**1,400**	**400**
Subtotal, Power Business Line	**60,300**	**NA**	-	**107,400**	**103,400**
Transmission Business Line	**110,300**	**NA**	-	**167,500**	**207,200**
Capital Equipment	**14,300**	**NA**	-	**34,600**	**20,600**
Total, Capital Obligations	**184,900**	**352,000**	-	**309,500** [e]	**331,200**
Expensed and Other Obligations					
Expensed	**2,231,200**	**2,026,000**	-	**2,117,300**	**2,146,700**
Projects Funded in Advance	**10,800**	**29,000**	-	**25,000**	**25,000**
Total, Obligations	**2,426,900**	**2,407,000**		**2,451,800**	**2,502,900**
Capital Transfers (cash)	**191,000**	**164,000**	-	**163,000**	**163,000**
BPA TOTALS	**2,617,900**	**2,571,000**	-	**2,614,800**	**2,665,900**
Staffing (FTE) d	**2,738**	**2,800**	**--**	**2,800**	**2,755**

[a] BPA's FY 1999 budget has been prepared in accord with the Budget Enforcement ACT (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to discretionary "caps" in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, changes to BPA estimates cannot be used to affect any other budget categories such as domestic discretionary, or defense discretionary which have their own legal dollar caps. Because BPA operates within existing legislative authority, BPA is not subject to a BEA "pay-as-you-go" test regarding its revision of funding estimates.

[b] These estimates reflect BPA's FY 2000 Congressional Budget Submission.

[c] The Power business line includes Fish & Wildlife in the Performance Summaries, which appears separately on line 2 of this table.

[d] FTE reflect 1999 actuals and updated estimates.

[e] Reflects customer cancellation of the SW Oregon transmission and system upgrade project.

Bonneville Power Administration

General Overview

Bonneville provides electric power, transmission and energy efficiency throughout the Pacific Northwest. Created in 1937 to market and transmit the power produced by the Bonneville Dam on the Columbia River, Congress has since then directed Bonneville to sell at wholesale the power produced at a total of 29 Federal dams, and to acquire non-federal power and conservation resources sufficient to meet the needs of Bonneville's customer utilities. Bonneville serves a 300,000 square mile area including Oregon, Washington, Idaho, Western Montana, and parts of Northern California, Nevada, Utah and Wyoming.

The Transmission System Act placed Bonneville under the provisions of the Government Corporation Control Act (31 U.S.C. 9101-9110) and allows Bonneville to use its revenue from electric ratepayers to fund all programs directly through the BPA revolving fund, and sell bonds to the Treasury to finance the region's high voltage transmission requirements. The Northwest Power Act expanded Bonneville's utility obligations and responsibilities to meet requesting utility loads, encourage conservation and develop renewable resources, and to protect, mitigate and enhance the fish and wildlife of the Columbia River and its tributaries. In support of these responsibilities, Bonneville's borrowing authority was expanded to allow the sale of bonds to finance conservation and other resources and to carry out fish and wildlife capital improvements. This Act also required regional energy plans and programs and created the Northwest Power Planning Council (Planning Council).

Bonneville is "self-financed" by the electric ratepayers of the Pacific Northwest and receives no annual appropriations from Congress. Bonneville's statutory budget authority is provided by the revenue-generating and rate-setting authorities of the Bonneville Project Act of 1937. Under the Transmission System Act, Bonneville funds the expense portion of its budget and repays the Federal investment with revenues from electric rates. Bonneville's revenues fluctuate primarily in response to market prices for fuels and stream flow variations in the Columbia River System due to weather conditions and fish recovery needs. Bonneville's permanent, indefinite statutory borrowing authority authorizes the agency to sell bonds to the Treasury up to a cumulative outstanding total of $3.75 billion. Through FY 1999, Bonneville has returned approximately $15.6 billion to the Treasury in interest, amortization, and repayment of Federal power generation, operation, maintenance, and construction costs. Bonneville made its full FY 1999 payment of over $629 million as scheduled. Bonneville's projected total Treasury payments for FY 2000 and FY 2001 are $595 million and $620 million, respectively. Starting in FY 1997, Bonneville is directly funding Bureau of Reclamation Pacific Northwest power O&M costs and in FY 1999 began direct funding Corps of Engineer Pacific Northwest power O&M costs. Direct funding of the Lower Snake River Compensation Plan power O&M costs is assumed in this budget to begin in FY 2001.

Bonneville's FY 2001 budget has been prepared on the basis of its major areas of activity, Power and Transmission. This structure supports Bonneville's competitiveness in the rapidly

restructuring deregulated wholesale electric energy market. This industry deregulation stems largely from the 1992 Energy Policy Act and ensuing Federal Energy Regulatory Commission (FERC) orders (FERC orders 888 and 889) requiring separation of utilities power and transmission functions. As a Federal agency, Bonneville is not bound by law to comply with the orders, but chose to comply with the FERC orders because it views compliance as essential to successfully compete in the electric power market of the future. Further, Bonneville supports DOE's October 1995 "Power Marketing Administration Open Access Policy." This budget reflects Bonneville's functional separation of power and transmission and its accounting and budgetary implementation of business lines (BLs). This budget proposes FY 2001 accrued expenditures of $ 2,147 million for operating expenses, $25 million for Projects Funded in Advance, $331 million for capital investments, and $163 million for capital transfers.

Spending levels in this budget are still subject to change due to several reasons, including continued review and adjustment of funding requirements by Bonneville to achieve consistency with final rate case funding levels post FY 2001, accommodate competitive dynamics in the region's energy markets, and refinancing of debt service.

Program Mission

In 1995, Bonneville completed a Business Plan and an associated environmental impact statement. The Business Plan is the foundation and guidance for Bonneville's strategic evolution to competitive utility business lines of products and services. Bonneville's Business Plan is serving as the basis for development of Bonneville's Flight Plan. The Flight Plan development will provide for implementing agency and business line strategies, including specific targets for measuring performance. It is designed to be consistent with requirements of the Government Performance and Results Act of 1993. The objectives and performance measures below are consistent with the DOE Strategic Plan.

As stated in Bonneville's Business Plan, the strategic mission of Bonneville is:

To provide electric power, transmission, and energy efficiency in increasingly competitive markets.

To support the achievement of BPA's responsibilities for fish and wildlife, energy conservation, renewable resources, and low-cost power for the region.

To remain a low-cost producer and a creative and flexible marketer in the region, helping to ensure the economical and environmental health of the Pacific Northwest.

To value individual diversity, entrepreneurial spirit, personal responsibility and the public service of Bonneville employees.

Program Goal

Following in the Program Objectives section are the FY 2000 target areas and their associated goals and performance measures adopted by the Bonneville Administrator and CEO.

These measures are reported to the President, Congress, the Department of Energy, the General Accounting Office, and the Office of Management and Budget to meet the requirements of the Chief Financial Officers (CFO) Act (Public Law 101-576). Consistent with the following measures, Bonneville funding levels support the DOE Strategic Plan, specifically, the Strategic Goal 1, Strategy 6 regarding system reliability.

Program Objectives

The FY 2000 target program objectives are included below.

- Achieve high and continually improving customer satisfaction.
  Composite BPA customer satisfaction index in the range from 7.3 to 7.6.

- Increase the value of our business and share the expanded benefits.
  Tribal government satisfaction index in the range from 6.5 to 6.8 and composite State/Federal entities and constituent satisfaction index in the range from 6.9 to 7.2.
  High system reliability/availability/sufficiency:
  Transmission: Outage frequency and duration for transmission circuits do not exceed Control Chart violation limits; and
  Generation: Weekly Heavy Load Hour targets for available generation are achieved.

- Be a low-cost provider of power and transmission services in the region.
  BPA internally managed costs in the range from $899 million to $879 million.

- Achieve and maintain financial integrity.
  Treasury payment is made on time and in full, with BPA hydro-adjusted net revenues in the range from $1 million to $36 million.

- Keep the system safe and reliable.
  Recordable, lost-time injuries are in the range from 1.7 to 1.2 per 200,000 hours worked (100 employees) and no fatal injuries occur to BPA or contract employees working on BPA facilities.

- Invest in results to enhance the region's natural environment.
  Biological Opinion spill requirements and reservoir operations criteria are met unless the operations criteria are unnecessary for meeting spring/summer flow targets.

- Transform BPA into an employee-centered, high-performing, business-oriented organization in which: employee development is supported; contributions are recognized; employees feel connected with the business; systems are fair and open; quality and quantity of communications are high; management focuses primarily on employees; and personal integrity, trust and respect are demonstrated.

  Significant progress toward BPA's High Performing Organization vision for a great workplace environment.

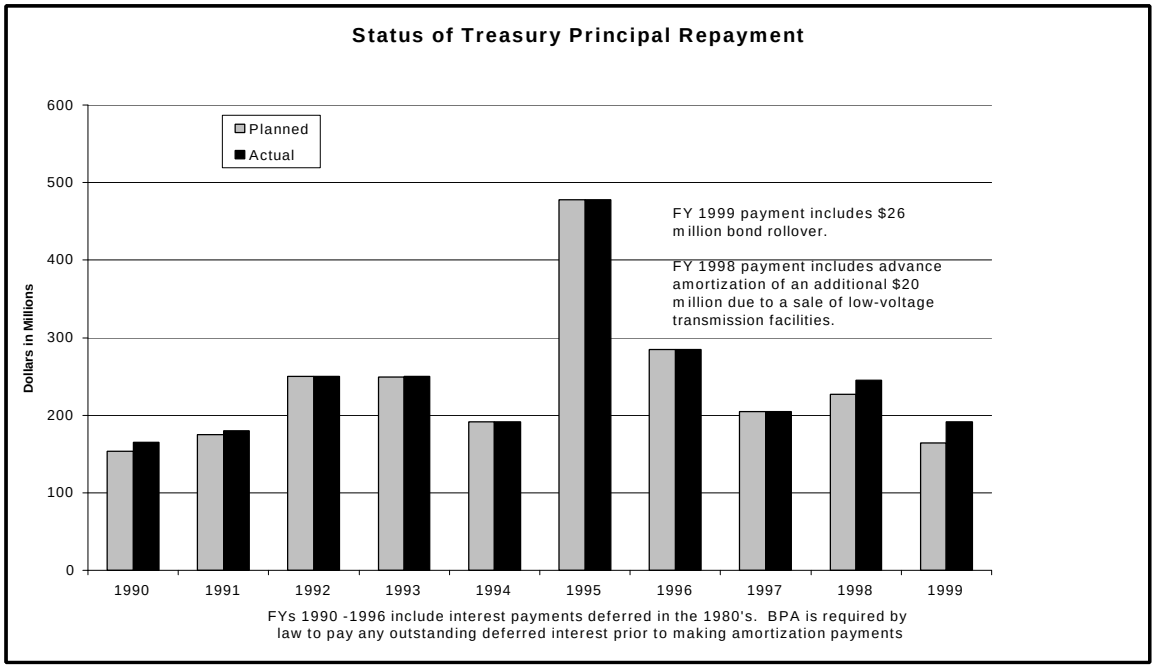
Phase 1 of the Business Solutions Project (BSP) goes into service in the period 6/30/00 to 9/30/00.

Performance Measures

The following measures are included in the Department of Energy's FY 1999 Consolidated Financial Statements and the Department's FY 2001 Annual Performance Plan. They are also measured by the other power marketing administrations.

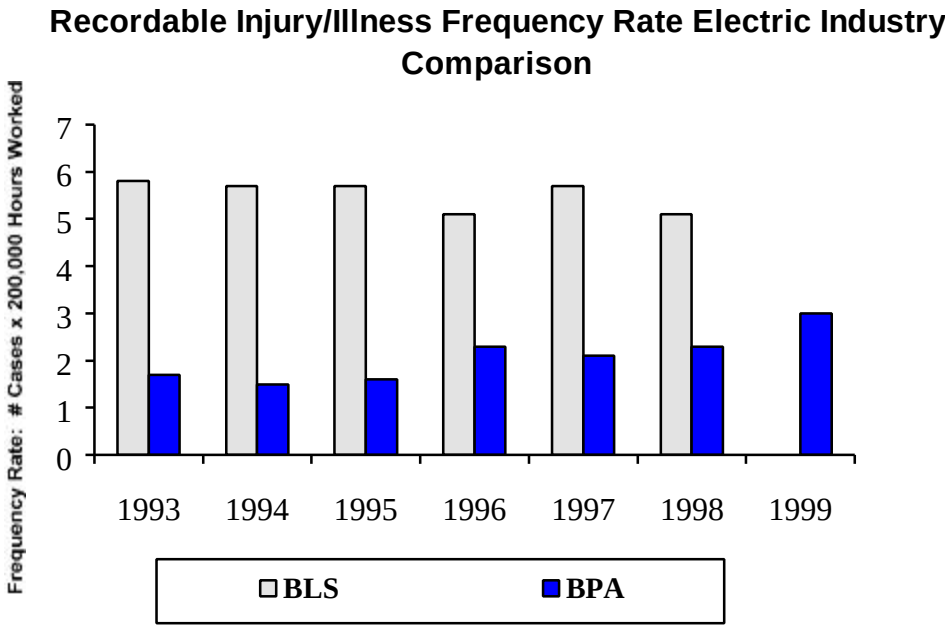
- *Repayment of Power Investment (Variance in Principal Payments)*: This indicator measures the variance of actual from planned principal payments to the U.S. Department of Treasury. The indicator will be zero if the actual payment is equal to the planned payment.

The following chart displays principal repayment only.



- *Safety Performance*: *Total Recordable Case Rate (Recordable Accident Frequency Rate)*: This indicator measures the recordable accident frequency rate by first multiplying the number of recordable injuries by 200,000. This number is then divided by the total hours worked. The PMAs measure their performance against a Bureau of Labor Statistic (BLS) standard industry case rate.

The national average recordable injury frequency rate shown below is based on Bureau of Labor statistics. The Bureau of Labor's data is collected from organizations representing the private sector in the generation, transmission, and distribution of electric energy. The Bureau of Labor statistics include a 1998 national average recordable injury frequency rate of 5.1 injuries per 200,000 hours worked. BPA's recordable injury frequency rate for FY 1999 was 3.0 injuries.



BLS: Bureau of Labor Statistics numbers are based on data collected from organizations representing the private sector for the "Generation, Transmission and Distribution of Electric Energy"

- *Transmission System Reliability: Control Performance Standard:* This indicator defines a standard of minimum control performance. Each control area is to have the best operation above this minimum that can be achieved within the bounds of reasonable economic and physical limitations. Each control area shall monitor its control performance on a continuous basis against two standards, CPS1 and CPS2. These two standards have very defined technical requirements.

This measure is consistent with the Department's Strategic Plan, specifically, Objective 1, Strategy 6. This strategy states that the Department will "Ensure that each power system control area operated by a PMA receives, for each month of the fiscal year, a Control Compliance Rating of 'Pass' using the North American Electric Reliability Council (NERC) Performance standard." A "Pass" is accomplished when each control area achieves a CPS1 compliance of 100% and achieves a CPS2 compliance of 90%.

In FY 1999, Bonneville Power Administration exceeded the minimum compliance level required by NERC with a CPS1 of 171.4% and a CPS2 of 97.62%. BPA began measuring CPS2 in January of 1998, therefore, the FY 1998 control performance is based on a partial fiscal year. Based on historic records, the CSP1 for FY 1997 was 173.68% and for FY 1996 was 168.86%. Data on CPS2 for FY 1997 and FY 1996 is not available.

Significant Accomplishments and Program Shifts

- Bonneville's FY 2001 budget reflects the significant financial and business events of the past year that have shaped Bonneville's response to the ongoing competitive pressures of the region's electric utility industry. Throughout the past year Bonneville has striven to enhance its competitive, cost-effective delivery of business-line utility products and services and continued delivery of the public benefits of its operations, while ensuring its ability to continue to make its payments to the Treasury on time and in full. Bonneville has completed three major cost reductions since early 1995. Combined, these cost reductions have reduced planned annual operating expense levels for FY 1996-2001 by an average $600 million from the levels in the FY 1995 Congressional budget, down nearly to the average actual operating expense level for FY 1993-1995.

- Bonneville's cost reductions have had a major impact on the agency's human resource levels, both Federal full-time equivalents (FTE) and contractor full-time equivalents (CFTE). In 1994, Bonneville established targets of reducing its FTE by 500 and its CFTE by 500, by FY 1997 as part of its competitive efforts. As a result of cost cutting, reorganization, and the availability of voluntary separation incentive authority (VSI) Bonneville has achieved its target goals. Despite the success of a 4-year effort to reduce its regular and contractor staff by 20 percent, further reductions were necessary. As reflected in this FY 2001 budget, Bonneville has achieved additional FTE reductions resulting in a total of 2,738 in FY 1999. As part of its succession planning efforts, Bonneville expects a small FTE increase in FYs 2000 and 2001 but is planning further reductions over time.

- The organizational downsizing and cost-cutting have yielded benefits to Bonneville's ratepayers. Whereas Bonneville initially proposed to raise its power and transmission rates at the beginning of the 1996 rate process, it completed the process with an average 13 percent rate reduction for preference customers (public utilities, municipalities and cooperatives) stabilized over 5 years through FY 2001. While the amount of the decrease for customers individually varies with each customer's mix of products and services purchased, Bonneville estimates that the average rate for priority firm power is 2.44 cents per kilowatt-hour, down from the previous average rate of 2.81 cents.

- To achieve the 1996 rate reduction, Bonneville produced new, unbundled products and negotiated power sales contracts with its Northwest preference customers and 10 direct service industries. The new contracts provide a high degree of assurance that Bonneville can cover its costs through FY 2001 while enabling customers that wanted to diversify suppliers to do so. A higher proportion of contracts is now take-or-pay, reducing the risk of under recovery of costs. This ability to stabilize our customer load will provide Bonneville with additional time to meet anticipated future changes in the electric power industry and help assure our ability to meet Bonneville's Treasury payment obligations. Our goal has been to simultaneously become price competitive on a long-term basis, to bring enough stability to costs and revenues to retain customers, and to revise resource and marketing programs to reflect major changes in the agency's resource base and environmental obligations.

- The rate certainty provided by Bonneville's 1996 final rates has been augmented by the implementation of the Bonneville Appropriations Refinancing Act (part of the Omnibus Consolidated Recissions and Appropriations Act of 1996) that refinanced Bonneville's outstanding repayment obligations on appropriations. The legislation called for increasing low interest rates on historic appropriations to current Treasury market rates and resetting (reducing) the principal of FCRPS appropriations unpaid as of the end of FY 1996. New principal amounts were established as of the beginning of FY 1997, at the present value of the principal and annual interest payments BPA would make to the Treasury for these obligations in the absence of the Act, plus $100 million. The new principal amounts were then assigned new interest rates based on the Treasury yield curve rates prevailing at the end of FY 1996. BPA's outstanding repayment obligation on appropriations at the end of FY 1996 was $6.7 billion, with a weighted average interest rate of 3.4 percent. The refinancing reduced the principal amount to $4.1 billion, with a weighted average interest rate of 7.1 percent. As called for in the legislation, BPA submitted its calculations and interest rate assignments implementing the refinancing to Treasury for their review and approval. Treasury approved the implementation transactions in July, 1997.

- In 1998 Bonneville adopted a power subscription strategy to guide its power sales contracting and rates starting in FY 2002. The strategy sets the path for power rates for 2002 to 2006. Bonneville published its initial power rate proposal in August 1999. This rate proposal reflects the recommendations of the Comprehensive Review under current legislation and contractual agreements, and implementation of the power rates reengineering. The Power Rate Case has assumed larger financial reserves than in the past as extra protection from swings in the electric market on the West Coast, uncertain water conditions, and uncertainty about potential fish and wildlife costs in the 2002-2006 rate period. This is the first time the power rate case is separate from the transmission rate case, which will likely follow in the spring of 2000. This is to further Bonneville's voluntary compliance with the National Energy Policy Act of 1992 and subsequent Federal Energy Regulatory Commission rules. In this FY 2001 budget, cost estimates are based on Bonneville's initial power rate proposal and transmission cost estimates that will be incorporated for the development of the transmission rate case.

- BPA started work on year 2000 compliance (Y2K) issues for its business, operations, and control systems in 1995. Recently, BPA established a Cross Agency Year 2000 team that is responsible for: 1) Business Systems - equipment and software, 2) Coordination with customers and suppliers, and 3) Reliable generation control and transmission systems. This team has completed an inventory of systems and equipment that might have Y2K problems, making a risk assessment on each system, testing where needed, replacing/modifying software and hardware, testing software, hardware and business processes through independent verification and validation, and developing appropriate contingency plans. The team is continuing community outreach to build trust and support business partners, and customers, as well as managing the environment to further reduce risks by safe guarding the work already completed. As part of its efforts on Y2K issues, BPA participated in the North American Electric Reliability Council (NERC), Western States Coordinating Council (WSCC), and Department of Energy compliance tests. As a

result of these efforts, BPA was successful in facilitating a smooth operational transition into the year 2000.

- Wholesale power marketing is becoming more uncertain and much more competitive in the Pacific Northwest as the electric utility industry undergoes wholesale deregulation. In 1995, demands on Bonneville for power dropped suddenly as the effects of wholesale electricity deregulation took hold, causing Bonneville to withdraw from the 248-megawatt Tenaska power project. As a result, Tenaska Power Partners II (Tenaska) and Chase Manhattan Bank (Chase), which provided the project funding, sued Bonneville for damages. Bonneville settled the lawsuit with Chase in June, 1996, agreeing to pay to Chase $115 million. BPA settled with several subcontractors of Tenaska for $29 million in FY1997 and $13.7 million in FY1998. In July 1998 arbitrators awarded Tenaska $159 million which was paid directly from the U.S. Treasury's judgment fund in November 1998. Bonneville will fully reimburse the Treasury for the judgment funds used plus interest, assuring that taxpayers are in no way affected by this award. In December 1998 Bonneville made its first reimbursement payment of $80.4 million to the Judgement Fund Branch and a second payment of $26.2 million in August 1999. The remainder of the debt will be paid in two equal payments concluding in August 2001. Consistent with a Memorandum of Understanding with the U.S. Treasury, BPA will make interest payments on the outstanding debt to the U.S. Treasury's "miscellaneous receipts" account.

- Bonneville faces unprecedented challenges in continuing its service to the Pacific Northwest. Market prices falling to near parity with Bonneville's rates have brought new competition, while at the same time the costs of Bonneville's commitment to rebuild salmon runs have risen sharply. Congress and the Administration have helped immensely by providing certainty to BPA's contribution to Northwest fish and wildlife restoration and mitigation. BPA, the Administration, and other agencies finalized an interagency agreement. The agreement ensures a stable level of fish and wildlife costs through 2001, while also confirming BPA's obligation to fund fish and wildlife activities for the 1995 Biological Opinion (BO) of the National Marine Fisheries Service (NMFS).

- This OMB budget is consistent with the above interagency agreement that calls for BPA fish and wildlife funding of $252 million per year and hydro operations estimated to result in lost revenues and purchased power costs of $90-$280 million per year for the period FY 1996 through FY 2001. These hydro operations are estimated at $90 million to $280 million per year, depending on water supplies and market conditions. The $435 million annual average cost of the fish "cap" reported in the print and communications media refers to the agreed combined cost of BPA spending, hydro operations and related costs for fiscal years 1996-2001. Included with the budget schedules section of this budget document is the current tabulation of the history and forecasted future costs of BPA's fish and wildlife investments. No agreement has been reached at this time on Bonneville's Fish and Wildlife budget for fiscal years beyond FY 2001. Discussions within the region are currently taking place for a planning range for costs in the years

beyond FY 2001. As of mid-August 1998, there are 13 alternatives being considered which have a range of annual average expenditures of $438 million to over $724 million.

- Related to this, in 1995, the Administration completed an agreement with members of the Northwest Congressional Delegation. This agreement recognized Bonneville's use of Section 4(h)(10)(C) of the Northwest Power Act to apply credits to Bonneville's Treasury payment for previous Bonneville expenditures attributable to non-power hydro project costs collected through Bonneville power rates. Under the agreement, Bonneville will receive annual credits on a permanent basis for its fish and wildlife expenditures. Bonneville is allowed credits for power purchase costs relating to its fish and wildlife programs in Fiscal Years 1997-2001, and is able to access historical credits for certain purposes as described below.

- In October 1995, the OMB in a letter to Congress, reiterated and extended the Administration's commitments made earlier. One of the program elements that the OMB Director elaborated on was that the Administration would establish a BPA Fish Cost Contingency Fund consisting of credits to be used by BPA against fish and wildlife costs under certain conditions. BPA has certified in February, 1997, to the Treasury that the amount of available, but unused, credits is approximately $325.2 million.

- As discussed in the September 13, 1996, interagency "Memorandum of Agreement concerning The Bonneville Power Administration's Financial Commitment for Columbia River Basin Fish and Wildlife Costs" (MOA), BPA may access the fund when (1) court-ordered changes increase the cost of BPA's fish and wildlife Plan above specified target levels in the MOA; (2) when adverse hydro conditions cause the sum of decreases in nonfirm revenue and increases in power purchases to exceed a threshold value; and (3) when natural disasters or fishery emergencies result in additional system operations beyond those described in Part V (a) of the MOA. The credits for the certain emergencies are limited to an aggregate amount of no more than the $15 million per year. In order to implement the Administration agreement in the anticipated timely manner, financial information, approximate to that provided in the BPA certification was included in the BPA final 1996 Wholesale Power and Transmission, which covers the five year period of FY 1997 through FY 2001.

- The FY 1997 Energy and Water Appropriations Bill added section 4(h)(10)(D) to the Northwest Power Planning and Conservation Act, directing the Planning Council to appoint a Scientific Review Panel "to review projects proposed to be funded through that portion of Bonneville Power Administration's fish and wildlife budget that implements the Planning Council's fish and wildlife program." And, ". . . in making its recommendations to BPA, the Planning Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Consequently, projects funded under Bonneville's direct program will be reviewed and prioritized as part of the Planning Council initiative process.

- The Congress also enacted language to establish the residential exchange program benefits for FY 1997 while providing Conference Report language stating that, consistent with the Comprehensive Review of the Northwest Energy System, Bonneville and its customers should work together to gradually phase out the residential exchange by October 1, 2001. Consistent with the report language, Bonneville has reached settlement agreements with all publicly-owned utilities that have participated in the exchange program and all investor-owned utilities (IOU's).

- As the electric utility industry in the Pacific Northwest continues its restructuring and competitive development under wholesale deregulation, and Bonneville's competitive structure, and other factors, these budget estimates may have to change to enable Bonneville to meet its statutory responsibilities and obligations.

- The Comprehensive Review of the Northwest Energy System (the Regional Review) was convened on January 4, 1996, by the governors of Idaho, Montana, Oregon, and Washington. It served as a forum for discussion about the restructuring of the electric utility industry and what this restructuring will mean to the Pacific Northwest. The need for the regional forum was driven by deregulation and competitive changes in the wholesale power industry nationally. The governors received the Regional Review proposal on December 12, 1996. From BPA's perspective, the recommendations accomplish four important objectives: (1) creating the opportunity to retain the benefits of the Northwest Federal hydrosystem for Northwest consumers, (2) fostering the use of the Federal transmission system to help achieve a competitive power market for the benefit of all consumers, (3) improving the likelihood that taxpayers and bondholders will have their investment repaid, and (4) creating a funding mechanism for preserving important public benefits.

- In December, 1996, upon release of the Regional Review's final report, Bonneville and other regional parties immediately began to explore the actions necessary to implement the Regional Review recommendations. In early 1997, the governor's representatives formed a Transition Board to ensure accountability, acceptance and implementation of the recommendations resulting from the Regional Review. The Northwest Congressional delegation asked the Governor's Transition Board in June 1997 to work with the Northwest Power Planning Council (Council) to establish a forum on Bonneville cost management issues beyond 2001.

- As a result of this request, a Cost Review Management Committee, comprised of outside experts and representatives from the Council and Bonneville, completed a review and released a set of draft recommendations in January 1998. Consistent with Congressional report language, the draft recommendations were provided to Congress. The review recommends cost reductions and operational efficiencies averaging $146 million annually over the 2002-2006 period. These reductions would be in addition to significant cuts already planned by Bonneville and would result in total average annual reductions of about $240 million from current rate levels. BPA's initial power rate proposal reflects the draft recommendations of the Cost Review Management Committee under current legislation and contractual agreements.

Bonneville Power Administration

Overview of Detailed Program Justifications

BPA's detailed justification summaries that follow present budget requirements of budget line items (BLI) on the basis of accrued expenditures. Accrued expenditure is the basis of presenting BPA's program funding levels in the power and transmission rate making processes, and the basis upon which BPA managers control their resources to provide products and services. Accrued expenditures relate costs to performance. Traditional budget obligation requirements for BPA's budget are shown on the Program and Performance Schedule prepared in accord with OMB Circular A-11.

The FY 2001 budget and these performance summaries reflect BPA's business line basis for utility enterprise activities. BPA's major areas of activity on a consolidated budget and accounting basis include Power and Transmission. The Power business line includes line items for Fish and Wildlife, Conservation and Energy Efficiency, Residential Exchange, Associated Projects O&M Costs and Planning Council. Environmental activities are shown in the relevant business line, and in accord with OMB Circular A-11 guidance for revolving funds, reimbursable costs are incorporated within the associated business lines. All programs funded in advance will be fully funded by benefiting entities. BPA's interest expenses, pension & post-retirement benefits and its capital transfers to the Treasury are shown by program.

The first section of performance summaries, Capital Investments, includes accrued expenditures for investments in electric utility and general plant associated with the Federal Columbia River Power System's (FCRPS) generation and transmission services, conservation and energy efficiency services, fish and wildlife, and capital equipment. These capital investments will require budget obligations and new borrowing authority of $331 million in FY 2001.

The forecasted power capital funding levels for fiscal years 2001 and beyond will undergo further internal review as a result of implementation of a capital asset management strategy. Consistent with the regional Cost Review Management Committee recommendations, this strategy encompasses prioritizing capital projects to be funded based on risk and other factors. Establishing this review process helps Bonneville in its efforts to compete in the deregulated energy market. Bonneville will continue to work with the Corps of Engineers and the Bureau of Reclamation to optimize the best mix of projects.

BPA's second section of the performance summaries, entitled Annual Operating Expenses, includes accrued expenditures for business line and program activities financed by power sales and transmission services revenues and projects funded in advance. For FY 2001, these expenses will require budget obligations of $2,147. The total program requirements of all BPA programs include estimated budget obligations of $2,503 million in FY 2001.

Transmission Business Line - Capital

Mission Supporting Goals and Objectives

The Transmission Business Line provides for all additions, upgrades, and replacements to the federal transmission system in the Pacific Northwest, allowing reliable service to be provided to Northwest industrial users and utility customers. The transmission system also allows for the sale and exchange of power to and from the region.

The system replacement plan is to replace high-risk, obsolete, and maintenance-intensive facilities and equipment and to reduce catastrophic equipment failure by: 1) replacing high voltage transformers and power circuit breakers which are at or near the end of their useful life; 2) replacing risky, outdated and obsolete control and communications equipment; and 3) replacing all other existing high-risk equipment and facilities affecting the safety and reliability of the transmission system. Such accomplishments would also be controlled and guided by BPA's Reliability Centered Replacement (RCR) criteria.

BPA's operational telecommunications system is being upgraded to include fiber optics. The existing analog microwave system is exceeding its capacity, is approaching the end of its useful life, is no longer manufactured, has limited spare parts, and does not easily support digital signals. Parts of Bonneville's radio frequencies, especially in the two gigahertz range, could be at risk of becoming unavailable for use due to potential spectrum auction legislation. There is a potential loss of additional frequencies in future Federal Communications Commission spectrum auctions. Moving to fiber optic technology removes these risks. Fiber optics will provide a reliable and flexible communications system to monitor, control, and operate the power system at almost 400 sites in BPA's service area. The fiber optic cables will be designed to meet BPA's long term operational needs. Excess fiber capacity, in some cases, will be leased until they are required for operational use and is expected to have a 5 to 6 year payback. BPA is committed to repaying the initial fiber optic investments as fiber revenues exceed fiber operating costs and FERC-approved transmission rate case commitments are met. Bonneville is not competing with private sector providers.

It is the Administration's policy to focus PMA funding for fiber optic communications on those investments needed to meet each PMA's projected operational needs. The FY 2001 Budget includes an investment of up to $25 million in the fiber optics capability of the Bonneville Power Administration as part of a multi-year effort to provide capacity to serve BPA's operational needs. To the extent that these investments create temporary periods of surplus fiber optic capacity, such capacity can be made available to meet rural and other needs in BPA's service area while not needed by the agency. The Administration will more fully describe its policies regarding the appropriate scope of PMA investments in fiber optics, including the role of the private sector in building fiber optic networks, when it submits to Congress the fiber optics plans for each PMA required by Congress in the conference report accompanying the FY 2000 Energy and Water Appropriations Act.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	$ Change	% Change
Main Grid	15,200	26,500	70,200	+43,700	+164.9%
Area & Customer Services	3,900	14,900	26,600	+11,700	+78.5%
Upgrades & Additions	26,900	68,600	46,300	-22,300	-32.5%
System Replacements	62,800	57,500	64,100	+6,600	+11.5%
Projects Funded in Advance	10,800	25,000	25,000	0	0.00%
Total, Transmission Business Line - Capital	119,600	192,500	232,200	+39,700	+20.6%

Detailed Program Justification

(dollars in thousands)

FY 1999	FY 2000	FY 2001

Main Grid

- Strategic objectives: Bonneville's strategic objectives for main grid projects are voltage support and to assure compliance with WSCC and BPA reliability standards. During this budgeting period, projects are planned that will provide voltage support to major load areas that are primarily west of the Cascade mountains. Minor reinforcements in the Portland OR/Seattle WA corridor are also planned.

- FY 1999: (1) Completed design, material acquisition and construction of the 500 kV shunt capacitor addition at Keeler substation that helps prevent winter blackouts in the Portland, Oregon and surrounding areas; (2) Completed design, material acquisition and construction of shunt capacitor additions at Troutdale substation that prevents unacceptable low voltages in their respective, immediate areas which otherwise could cause damage to various electrical and electronic equipment; (3) Completed design, material acquisition and construction of 230 kV shunt capacitor addition at Shelton substation to prevent winter blackouts to the Olympic Peninsula area; (4) The design, material acquisition and construction of 230 kV shunt capacitor addition at Redmond, Ashe,

(dollars in thousands)

FY 1999	FY 2000	FY 2001

McNary substations and the 115 KV shunt capacitors planned for Junction City substation to prevent unacceptable low voltages were delayed to allow for the completion of design, material acquisition and most of the construction work to reinforce the Northern Intertie Phase 1 in the Puget Sound Area to allow a full return of the Canadian Entitlement Treaty Power; (5) Completed planning studies to mitigate overloads on the underlying transmission system for an outage of the 500 KV Paul-Raver line during summer conditions; (6) Continued planning studies to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions.

- FY 2000: (1) Completion of 500 kV shunt capacitor addition at Paul substation that would prevent winter blackouts to the Seattle, Washington area was shifted to Monroe Substation , providing a better solution; (2) Complete planning studies for the East Seattle Reinforcement project which involves a second 500 kV line between Echo Lake and Raver substations, which will be needed to maintain reliable service to the Seattle area loads during winter, was changed to a new Schultz-Echo Lake 500 KV line (4) Complete design, material acquisition and construction of Phase II of the Northern Intertie reinforcement in the Puget Sound area; (5) Complete design for the North Seattle Transformer Support; (6) Complete design, material acquisition, for reactive support to the transmission system at North Bonneville, Republic, Redmond, Port Angeles, Chemawa, Marion, and Monroe Substations; (7) Complete construction of the 230kV shunt capacitor group at Pearl Substation. (8) Continue planning studies to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions.

- FY 2001: (1) Complete planning studies and beginning of design and material acquisition for the Schultz 500kV series capacitors; (2) Complete the design for the Raver-Paul 500kV outage relief; (3) Completion of the planning and beginning of design for the McNary-Slatt 500kV line; (4) Complete

	(dollars in thousands)		
	FY 1999	FY 2000	FY 2001
planning studies and begin design for the West of Hatwai transmission problems; (5) Complete planning studies and begin design to correct the PNW-Idaho transmission capacity problems; (6) Complete planning studies and begin design to comply with the N-2 outage criteria; (7) Continue planning studies to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions.			
Total, Main Grid ……	15,200	26,500	70,200

Area & Customer Services

- Area and Customer service projects assure that Bonneville meets the reliability standards and the contractual obligations we have to our customers for serving load growth.

- FY 1999: (1) The SW Oregon Coast transmission and system upgrade project that was planned to support new load for a proposed Nucor steel mill has been cancelled by the customer. (2) Continued design, material acquisition, and construction for the Bonneville-The Dalles line reconductor to prevent line overloads in the Hood River area; (3) Initiated preliminary planning and engineering for the San Juan Cable Replacement; (4) Continued design, material acquisition, and construction for the Albany-Eugene line rebuild to increase transmission capacity and improve reliability in the Eugene area; (5) Continued preliminary engineering, environmental coverage and begin design for the Southwestern Oregon Coast Reinforcement Project to maintain reliability in the Southwest Oregon area. The concerted effort by the state of Oregon, local officials and others to site a steel arc furnace plant near Coos Bay, Oregon has been cancelled by the customer. (6) Continued design, material acquisition and construction for The Dalles Area Support to prevent unacceptably low voltages and line overloads in The Dalles Area; and (7) Continued preliminary engineering and design for

	(dollars in thousands)		
	FY 1999	FY 2000	FY 2001
miscellaneous facilities required to meet contractual obligations and maintain reliable service for the BPA service area.			
■ FY 2000: (1) Complete design, material acquisition and begin construction to replace the cable and upgrade support and maintain reliability for the San Juan area in NW Washington; (2) Continue design, material acquisition and begin construction on the Shelton-Kitsap line rebuild to double circuit to provide voltage stability and prevent transformer and line overloads in the Kitsap area; (3) Complete design and construction of the Custer-Intalco contractual obligations and provide reliability to the Snohomish, Washington area; and (4) Continue preliminary engineering and design for miscellaneous facilities required to meet contractual obligations and maintain reliable service for the BPA service area.			
■ FY 2001: (1) Continue design, material acquisition and begin construction on the Shelton-Kitsap line rebuild to double circuit to provide voltage stability and prevent transformer and line overloads in the Kitsap area; (2) Complete design, material acquisition and begin construction to replace the cable and upgrade support and maintain reliability for the San Juan area in NW Washington; (3) Continue design and begin material acquisition and construction for reinforcements for the Southwestern Oregon Coast Project to maintain reliability in the Southwest Oregon Area; (4) Continue preliminary engineering and design for miscellaneous facilities required to meet contractual obligations and maintain reliable service for the BPA service area/			
Total, Area & Customer Services ……	3,900	14,900	26,600

Upgrades & Additions

■ Replacing older communications and controls with newer technology including fiber optics in order to maintain or enhance the capabilities of the transmission system. During this budget period, BPA will complete design, material acquisition, and

(dollars in thousands)

FY 1999	FY 2000	FY 2001

construction of several fiber optics facilities, which will provide future bandwidth capacity that will allow high-speed data transfers and eventually replace current microwave radios which are becoming technologically obsolete and nearing the end of their useful life. In some areas excess fiber capacity is being offered temporarily to other public entities such as public utilities, schools, libraries, and hospitals providing them access to high-speed telecommunication services as a public benefit.

- FY 1999: **(**1) The design, material acquisition, and construction of fiber optics cable from Convington Substation to Blaine was deferred until FY 2000 due to higher priority workload; (2) Continued design, material acquisition, and construction of fiber optic communications. These projects are a continuation of the overall upgrade to the operational telecommunication system. The completion of the Alvey -Dixon, Alvey - Bandon fiber loop is being funded via Projects Funded In Advance. (3) Design, material acquisition, and construction of 46.5 miles of fiber optic cable from Olympia to Aberdeen. This fiber optic cable will provide alternate path redundant communications for increased reliability and help alleviate analog radio problems in this area.(4) Completed design, and material acquisition of the HVDC Master Controller at Celilo that provides a cost efficient, simplified scheduling interface for scheduling power transfers on the DC Interie; (5) Completed design, material acquisition, and construction of the single pole relay upgrades at Big Eddy and John Day 500 kV stations to provide more reliable protection of key 500 kV lines; (6) Complete design and material acquisition of the Inter Control Center Communications Protocol (ICCP) at Dittmer that provides System Operations the ability to communicate with other major utilities that utilize the same protocol; (7) Completed design and material acquisition of communication circuit modifications at Eastern Control Center (ECC) that results in high reliability of a major communications path for system operation needs; (8) Completed design, material acquisition, and construction of moving the Subgrid

(dollars in thousands)

FY 1999	FY 2000	FY 2001

dispatch functions from Dittmer to Munro control Center to provide more reliable and efficient dispatching; (9) Continued installation of various intermittent components associated with OASIS and SCP; (10) Completed Phase I of COMPASS (Coordinated Outage Management, Planning and Scheduling System) which will enhance outage coordination functions; (11) Continue planning, design, material acquisition and construction of various system additions and upgrades necessary to maintain a reliable system for the BPA service area.

- FY 2000: (1) Complete the installation of fiber optic cable from Olympia to Aberdeen; (2) Complete design, material acquisition, and construction of 160 miles of fiber optics cable from Convington Substation to Blaine. This fiber optic cable will provide alternate path redundant communications to support improved control and reliability of the Northern Intertie; (3) Complete design, material acquisition, and construction of 96 miles of fiber optics cable from Bell to Noxon. This fiber optic cable will enhance control and communications providing improved reliability; (4) Continue design, material acquisition, and construction of fiber optic communications as a continuation of the overall upgrade to the operational telecommunication system; (5) Complete the RODS Front End upgrade at Dittmer which maintains and enhances the capability of receiving real time info from the field that is used for system operations and Transmission scheduling purposes; (6) Complete efforts to separate Transmission from Power scheduling functions; (7) Continue planning, design, material acquisition, and construction of various system additions and upgrades necessary to maintain a reliable system for the BPA service area.

- FY 2001: (1) Design, material acquisition, and construction of 67.5 miles of fiber optics cable from Noxon to Hot Springs. This fiber optic cable will enhance control and communications providing improved reliability and will integrate communications with the Garrison-Hot Springs and Bell-Noxon fiber systems; (2) Design, material

(dollars in thousands)

	FY 1999	FY 2000	FY 2001
acquisition, and construction of fiber optics projects to continue the improvement of communications and controls; (3) Complete the RODS Front End upgrade at Dittmer which maintains and enhances the capability of receiving real time information from the field that is used for system operations and scheduling purposes; (4) complete efforts to separate Transmission from the Power scheduling function; (4) Continue planning, design, material acquisition, and construction of various system additions and upgrades necessary to maintain a reliable system for the BPA service area.			
Total, Upgrades and Additions ……	26,900	68,600	46,300

System Replacements

- Non-Electric Replacements:

  FY 1999: (1) Completed design, material acquisition, and construction of the permanent Cold Creek drainage replacement at Ross Complex; (2) Completed design, material acquisition and construction of the Ross Substation Emergency Scheduling Center building addition for mandated separation of TBL & PBL scheduling functions; (3) Completed various necessary non-electrical replacements based on RCR implementation.

  FY 2000: (1) Complete various maintenance building and control house roof replacements; (2) Complete seismic upgrades to buildings; (3) Complete various HVAC replacements; (4) Complete other non-electric replacements as necessary.

  FY 2001: (1) Complete various maintenance building and control house roof replacements; (2) Complete seismic upgrades to buildings; (3) Complete various HVAC replacements; (4) Complete other non-electric replacements as necessary.

- Electric Replacements:

(dollars in thousands)

FY 1999	FY 2000	FY 2001

All electrical replacements were accomplished to maintain a reliable electrical system at the least cost by strategically replacing critical items.

FY 1999: All electric replacements are planned to maintain a reliable electrical system at the least cost by strategically replacing critical items. (1) Completed replacement of failed transformer unit at Sacajawea substation; (2) Completed replacement of fire damaged transformer units at Hot Springs; (3) Completed 500 kV breaker replacement at Slatt substation; (4) Completed 500 kV breaker replacement at Ashe substation; (5) Continued replacements of PCB contaminated capacitors. (6) Replaced system protection and system control equipment, other substation and line facilities as needed to maintain reliability using RCR criteria. Such replacements included relays, annunciators, oscillographs, various types of communication related equipment and SCADA equipment; (7) Continued replacing deteriorating wood pole transmission line structures.

FY 2000: All electrical replacements are planned to maintain a reliable electrical system at the least cost by strategically replacing critical items. (1) Continue design, material acquisition, and construction of PCB- contaminated capacitor replacement at various locations; (2) Continue design, material acquisition, and construction of system protection and system control equipment replacements, and other substation and line facilities as needed to maintain reliability using RCR criteria. Such replacements include relays, annunciators, oscillographs, various types of communication related equipment and SCADA equipment; (3) Continue replacing deteriorating wood pole transmission line structures.

FY 2001: All electrical replacements are planned to maintain a reliable electrical system at the least cost by strategically replacing critical items. (1) Complete design, material acquisition, and construction of PCB-contaminated capacitor

(dollars in thousands)

	FY 1999	FY 2000	FY 2001
replacement at various locations; (2) Continue design, material acquisition, and construction of system protection and system control equipment replacement, other substation and line facilities as needed to maintain reliability using RCR criteria. Such replacements include relays, annunciators, oscillographs, various types of communication related equipment and SCADA equipment; (3) Continue replacing deteriorating wood pole transmission line structures.			
Total, Replacements……	62,800	57,500	64,100

Projects Funded in Advance

This category includes those facilities and/or equipment where BPA retains ownership but which are funded by another entity, either in total in part through a cost-share agreement.

- FY 1999: (1) Completed design, material acquisition and construction of the Southwest Portland Area Support facility. This facility will prevent overloads of the BPA and PGE facilities which would otherwise result in violation of the National Electric Safety Code and will eliminate equipment damage; (2) Design, material acquisition and construction of the Teton Area Reinforcement facility needed to prevent low voltages in the Teton, Idaho and Jackson, Wyoming area; (3) Performed environmental cleanup and other work necessary for the sale of BPA facilities; (4) Design, material acquisition and construction of 109 miles of fiber optic cable from Lane Substation near Eugene to Fairview on the Oregon coast completing the Alvey-Dixon, Alvey-Bandon fiber loop and providing enhanced communications and controls for the Southern Oregon and SW Oregon coast transmission system.

- FY 2000: (1) Complete the installation of 109 miles of fiber optic cable from Lane Substation near Eugene to Fairview; (2) Continue design, material acquisition and construction of the Teton Area Reinforcement facility; (3) Integration of new

(dollars in thousands)

	FY 1999	FY 2000	FY 2001
536MW generation capacity near Hermiston into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (4) Integration of new 265 MW generation capacity at Rathdrum into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (5) Perform environmental cleanup and other work necessary for the sale of BPA facilities; (6) If requested, design and construct a terminal point of interconnection for Whatcom County PUD for their network loads; (7) Complete other projects as requested by customers.			
■ FY 2001: (1) Complete design, material acquisition and construction of the Teton Area Reinforcement facility; (2) Complete integration of new 536MW generation capacity near Hermiston; (3) Complete integration of new 265 MW generation capacity at Rathdrum; (4) Perform environmental cleanup and other work necessary for the sale of BPA facilities; (5) If requested, design and construct a terminal point of interconnection for Whatcom County PUD for their network loads; (6) Complete other projects as requested by customers.			
Total, Projects Funded in Advance …….	10,800	25,000	25,000
Total, Transmission Services - Capital ……	119,600	192,500	232,200

Explanation of Funding Changes From FY 2000 to FY 2001:

	FY 2001 vs. FY 2000 ($000)

Main Grid

- Major construction activities to reinforce the Northern Intertie Phase 1 in the Puget Sound Area to allow a full return of the Canadian Entitlement Treaty Power; . . . . . +43,700

Area & Customer Services

- Increased costs due to construction of the San Juan cable project and several smaller area and customer service projects. . . . . +11,700

Upgrades & Additions

- Decreased spending on system control and fiber optics project implementation plans . . . . . -22,300

System Replacements

- Increased costs due to completion of projects associated with following Reliability Centered Replacement practices. . . . . +6,600

Total, Transmission - Capital . . . . . +39,700

Power Business Line - Capital

Mission Supporting Goals and Objectives

Associated Project Costs provide for direct funding of additions, improvements and replacements of existing U.S. Bureau of Reclamation and Corps of Engineers hydroelectric projects in the Pacific Northwest. The Bureau and Corps provide power production, which is marketed by Bonneville, and investing in additions, improvements, and replacements provides for increased performance and availability of generating units.

The Fish and Wildlife program provides for the protection, enhancement and mitigation of Columbia River Basin fish and wildlife losses attributed to the development and operation of hydroelectric projects on the Columbia River and its tributaries pursuant to Section 4(h) of the Northwest Power Act. BPA satisfies a major portion of its fish and wildlife responsibilities and reduces the Administrator's obligation under the Northwest Power Act by funding projects and activities designed to be consistent with the Northwest Power Planning Council's (Planning Council) Fish and Wildlife Program. BPA is also mandated to implement measures called for under the Endangered Species Act. These measures are part of the biological opinions (BO) issued by the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS) regarding the operations of the Federal Columbia River hydro system. The capital associated with implementing the reasonable and prudent alternatives of the BOs that relate to BPA s direct fish and wildlife program are included in this budget projection. Additionally, this capital budget reflects, and is consistent with, the fish and wildlife budget agreement announced by the Administration in October 1995 and the Memorandum of Agreement of September 1996 that calls for BPA fish and wildlife funding of $252 million per year and operations estimated to result in lost revenues and purchased power costs of $90-$280 million per year for the period FY 1996 through FY 2001.

Bonneville has been working with Columbia Basin tribes, state and federal agencies, and pubic interest groups to develop an expected range for Bonneville's fish and wildlife costs for 2002-2006. As of mid-July, 1998 the total estimated annual average financial impact on Bonneville, for the region's fish and wildlife programs ranges from $438 million to over $724 million per year. This range of costs was used to develop the initial rate proposal for the 2002 – 2006 Bonneville power rate case. Long term decisions on the operation of the FCRPS are scheduled to be made in early 2000, as new Biological Opinions will be issued by the NMFS and the USFWS detailing the long term operations. Final decisions on overall regional fish and wildlife costs and the schedule for program implementation have not been made, however, Bonneville's costs are expected to be within the range described above.

BPA's fish and wildlife capital program is directed at activities that increase numbers of Columbia River Basin fish and wildlife resources including projects designed to increase juvenile and adult fish passage in tributaries and at mainstream dams, increase fish production and survival through construction of hatchery and acclimation facilities, fish monitoring facilities and fish habitat enhancement. Funding is also included for pre-engineering design and studies for new and

developing projects. The priority for capital project funding will focus first on implementing the reasonable and prudent alternatives contained in the NMFS and USFWS Biological Opinions and second, on implementing the Planning Council's Fish and Wildlife Program. A current goal of the Planning Council, and one supported by BPA, is that projects funded under both Bonneville's direct program as well as the reimbursable and capital investment components of the other Federal agencies will be reviewed and prioritized as part of a regional planning initiative process.

The FY 1997 Energy and Water Appropriations Bill added section 4(h)(10)(D) to the Northwest Power Planning and Conservation Act, directing the Power Council to appoint a Scientific Review Panel "to review projects proposed to be funded through that portion of Bonneville Power Administration's fish and wildlife budget that implements the Council's fish and wildlife program." And, ". . . in making its recommendations to BPA, the Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Consequently, projects funded under Bonneville's direct program will be reviewed and prioritized as part of the Planning Council initiative process. In 1998, the U.S. Congress' Senate-House conference report on the FY1999 Energy and Water Development Appropriations bill included a new assignment for the Independent Scientific Review Panel (ISRP) and the Planning Council. The ISRP was to review the fish and wildlife projects, programs, or measures included in federal agency budgets that are reimbursed by the Bonneville and to make funding recommendations to Congress. The ISRP was directed to determine whether the proposals are consistent with the scientific criteria in the Northwest Power Planning and Conservation Act as amended in 1996, and provide a report to the Council by April 1 of each year. The Council, in turn, must report to the Congress annually by May 15.

The competitive market situation is driving the need for alternatives to the traditional approaches to developing conservation resources. BPA is transitioning from centralized, BPA funded programs to new customer driven approaches. BPA is participating with other regional entities to support market transformation activities and development of energy efficiency services while facilitating activities, which meet the needs of our customers and create business opportunities for the private sector in the Pacific Northwest.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	$ Change	% Change
Associated Project Costs	28,800	79,000	76,000	-3,000	-3.8%
Fish & Wildlife	15,300	27,000	27,000	0	0.0%
Conservation & Energy Efficiency	13,100	1,400	400	-1,000	-71.4%
Total, Power Business Line - Capital	57,200	107,400	103,400	-4,000	-3.7%

Detailed Program Justification

(dollars in thousands)

FY 1999	FY 2000	FY 2001

Associated Project Costs

- Refine work with both the Corps and the Bureau to reach mutual agreement on which capital improvement projects need to be budgeted and scheduled, are cost effective and are of mutual benefit to provide system or site specific enhancements and efficiencies. These types of projects are in line with BPA's Strategic Business Objectives (SBOs) to keep the power system reliable, be the low cost provider, and operate in a more business-like manner.

  All work is to increase the reliability and efficiency of the Federal Columbia River Power System.

- Corps of Engineers (known projects to date):

  FY 1999: Complete work on Green Peter Rewind-Unit 1. Start Green Peter Unit 2 Rewind. Continue work on John Day Rewinds. Continue work on the Power System Reliability Improvement. Start McNary Unit 5 Repair and Rewind.
  FY 2000: Continue work on Power System Reliability Improvement. Complete work on John Day Rewinds. Complete McNary Unit 5 Repair and Rewind. Complete work on Green Peter Unit 2 Rewind.
  FY2001: Continue work on power system reliability improvements, that includes prioritized additions, improvements and replacements of existing projects.

- Bureau of Reclamation (known projects to date):

  FY 1999: Continue Grand Coulee Runner Replacements. Start Grand Coulee Transformer Replacements. Continue Grand Coulee Third Powerhouse Station Service Transformer Replacement. Continue Grand Coulee and Hungry Horse CO2 Replacements. Continue Grand

(dollars in thousands)

	FY 1999	FY 2000	FY 2001
Coulee Stator Replacements. FY 2000: Continue Grand Coulee Transformer Replacements. Continue Grand Coulee Runner Replacements. Complete Grand Coulee Third Powerhouse Station Service Transformer Replacement. Complete Grand Coulee and Hungry Horse CO2 Replacements. Complete Grand Coulee Stator Replacements. FY2001: Continue Grand Coulee Runner Replacements. Continue Grand Coulee Transformer Replacement.			
Total, Associated Project Costs ……..	28,800	79,000	76,000

Fish and Wildlife

- Although the regional prioritization process and independent scientific review for projects to be recommended for funding in FY 2001 is not yet complete, and is not expected to be completed until FY 2000, the following projects are candidates for capital funding. It is BPA's intention to proceed with design and construction of those projects from this list that are recommended for funding within the available budget. The costs indicated are preliminary estimates only and actual costs may be greater or lower than those estimates depending on final design and construction costs.

  - 1. Anadromous fish supplementation facilities in the Yakima River Basin and Upper Snake River Basin include the following projects:
    - Hanford K-Basin Fall Chinook. The Hanford K-Basin fall Chinook acclimation and Master Plan development in Hanford, Washington, which adjoins the Yakima River Basin, is for the development of a master plan to assess potential uses of non-radioactive cooling water intake settling ponds constructed for the now deactivated Hanford Nuclear K-Reactor. The program has been suspended due to health and safety concerns on the site, which have made use of the facility doubtful. The Yakima Nation and the NWPPC are discussing alternative production programs.
    - Wenatchee and Methow Rivers Coho Salmon. Continue design and construction of acclimation and

(dollars in thousands)

FY 1999	FY 2000	FY 2001

adult collection facilities for Wenatchee and Methow Rivers Coho Salmon restoration in the Mid-Columbia River region of Washington through FY 2001.

- The Yakima River Fall Chinook supplementation along the Yakima River near Yakima, Washington is for the design and construction of fish rearing, acclimation, and adult collection facilities on the lower Yakima River and Marion Drain irrigation return canal. The design and construction is expected to continue through FY 2001. These activities will occur near the cities of Yakima and Prosser, Washington.

-Yakima River Coho Restoration. The purpose of this project is to determine the feasibility, design, and construction of acclimation sites in the Yakima River at various locations. This project may include producing Coho as part of the Yakima Nation's salmon enhancement program. The design and construction is expected to continue through FY 2001. A long-range goal of the Yakima Nation is to see the return of naturally spawning Coho back to the Yakima River.

- Johnson Creek Summer Chinook Salmon restoration in South Fork Salmon Basin of Idaho is to develop, construct, and implement facilities for adult collection and holding, juvenile rearing, and acclimation. The design and construction is expected to continue through FY 2001.

- The Upper Snake River Spring Chinook captive broodstock program includes juvenile fish acclimation sites and adult collection facilities located within the Grande Ronde River Basin in Northeast Oregon and captive Broodstock hatchery rearing facilities located at the Bonneville Dam site hatchery in Oregon and at the National Marine Fisheries Service research station, Manchester, Washington. Also included is the potential initiation of the Northeast Oregon Hatchery Master Plan. This project, as a measure in the Northwest Power Planning Council's (Council) Fish & Wildlife Program, would identify and develop artificial propagation facilities to protect and enhance salmon and steelhead native to the Imnaha, Grande Ronde and Walla Walla River Basins. The Master Plan is

(dollars in thousands)

FY 1999	FY 2000	FY 2001

scheduled for submittal to the Council in October 1999 for review and approval. Following completion of a NEPA analysis by Bonneville in April 2000, final design could occur in the summer of 2000 and construction could be initiated in late FY 2000. The design and construction is expected to continue through FY 2001.
- Upper Snake River Spring Chinook Salmon captive Broodstock acclimation and adult collection facilities will be located on the Upper Grande Ronde River near La Grande, Oregon, on the Catherine Creek near Union, Oregon, and on the Lostine River near Enterprise, Oregon. . The design and construction is expected to continue through FY 2001.
- Spring Chinook Salmon captive Broodstock rearing facilities located both at Manchester, Washington and at Bonneville Dam hatchery, Oregon, for the purpose of rearing successive generations of juveniles to preserve the genetic integrity of Upper Snake river spring chinook salmon were completed in FY 1999.

- 2. The Billy Shaw Reservoir resident fish substitution project on the Duck Valley Indian reservation near Owyhee, Nevada was completed in FY 1999. The purpose of this facility is for resident fish production as a substitution for the loss anadromous fish due to the construction and operation of the Federal Columbia River Power System. The facility involves the design and construction of a reservoir approximately 430 surface acres in size to rear various resident fish species.

- 3. The resident trout fish culture facility in Southeast Idaho or the Snake River Resident Fish Production Facility: This facility will be located near Pocatello, Idaho. The purpose of this facility is for resident fish production as a substitution for the loss of anadromous fish due to the construction and operation of the Federal Columbia River Power System. This facility is intended to provide a supply of various species of trout for residents of the Duck Valley Indian Reservation, Nevada, and the Fort Hall Indian Reservation, Idaho. The facility involves the purchase of an existing

(dollars in thousands)

FY 1999	FY 2000	FY 2001

hatchery facility and construction upgrades. The design and construction is expected to continue through FY 2001.

- Construction on the Yakima River hatcheries. The design and construction is expected to continue through FY2000.

- Construction on the Umatilla River hatcheries The design and construction is expected to continue through FY 2000.

- Construction on the Yakima Screens Facilities Phase II. The design and construction is expected to continue through FY 2001.

- Nez Perce Hatchery: the design and construction is expected to continue through FY 2001.

- Nez Perce Tribe Resident Fish Substitution Program. The purpose of this program is to increase fish harvest opportunities to mitigate partially for anadromous and resident fish losses incurred as a result of the construction and operation of Dworshak Dam on the North Fork Clearwater River The NEPA process and subsequent preliminary design process are on hold pending further scientific review. Once initiated, it is expected that the design and construction is expected to continue through FY 2001.

- Couer D' Alene Tribe Trout Production Facility. The purpose of this facility is to produce fish in support of on-going Couer D' Alene Tribal fisheries enhancement projects. Target species include Westslope cutthroat trout, Bull trout and Rainbow trout. The design and construction is expected to continue through FY 2001.

- Construct habitat improvement passage projects and small irrigation screening projects including development and enhancement of model watersheds.The design and construction is expected to continue through FY 2001.

- Continue implementation of high priority Endangered Species Act related projects, and activities associated with the National Marine Fisheries Service Biological Opinion. The design and construction is expected to continue through FY 2001.

(dollars in thousands)

	FY 1999	FY 2000	FY 2001
- Continue acquisition and installation of pit tag monitors at federal dams in Snake and lower Columbia rivers. The design and construction is expected to continue through FY 2001.			
Total, Fish & Wildlife ……	15,300	27,000	27,000
Conservation and Energy Efficiency			
■ Support utilities in transition to locally funded conservation programs, and development of local conservation plans to meet specific customer needs. Oversee and monitor program closeout for residential, commercial, industrial, agricultural and conservation acquisitions.			
■ Bonneville will operate within the 13 guidelines established as part of the Regional Review including the guidance for market development activities to be self-supporting by FY 2000.			
Total, Conservation and Energy Efficiency ……..	13,100	1,400	400
Total Power Business Line	57,200	107,400	103,400

Explanation of Funding Changes From FY 2000 to FY 2001

	FY 2001 vs. FY 2000 ($000)
Associated Project Costs	
■ Funding decrease is due to anticipated completion of Bureau and Corps projects, including the John Day rewinds, McNary Unit 5 repair and rewind, and Green Peter Unit 2 rewind, in FY2000.	-3,000
Conservation and Energy Efficiency	
■ Decrease due to close out of certain discontinued conservation contracts. .	-1000
Total Funding Changes, Power Business Line - Capital	-4,000

Capital Equipment/Capitalized Bond Premium

Mission Supporting Goals and Objectives

This activity provides for the acquisition of general and dedicated special purpose capital automatic data processing (ADP) equipment, development of capitalized ADP software, and acquisition of special-use capital furniture and equipment in support of BPA's strategic objectives. This budget category provides the BPA business lines with the ability to acquire general and dedicated special purpose capital automatic data processing (ADP) equipment. This activity also provides the ability for developing capitalized ADP software, and acquiring of special-use capital furniture and equipment for BPA to meet its strategic business objectives.

Bonneville incurs a bond premium whenever it repays a bond before the due date. When bonds are refinanced, the bond premiums incurred are capitalized. Historically, BPA generally has chosen to finance capitalized bond premiums with bonds issued to the U.S. Treasury, as was envisioned in the Federal Columbia River Transmission System Act of 1974.

Funding Schedule (Accrued Expenditures)

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	$ Change	% Change
Capital Equipment	14,300	18,300	14,600	-3,700	-20.2%
Capitalized Bond Premium	0	16,300	6,000	-10,300	-63.2%
Total Capital Equipment/Capitalized Bond Premium	14,300	34,600	20,600	-14,000	-40.5%

Detailed Program Justification

(dollars in thousands)

FY 1999	FY 2000	FY 2001

Capital Equipment

- Acquire capital office furniture and equipment, capital ADP-based administrative telecommunications equipment, ADP equipment (hardware), and support capital software development for all BPA programs. Includes implementation of the Business Solutions Project, designed to link key information systems throughout Bonneville and improve business processes. The Business Solutions Project involves the identification and implementation of an integrated suite of commercially available software, often called an "enterprise solution," to improve financial, materials

	(dollars in thousands)		
	FY 1999	FY 2000	FY 2001
and work management processes. The project will involve construction of new systems including hardware installation, conversion of data, and configuration of business rules.			
Total, Capital Equipment	14,300	18,300	14,600

Capitalized Bond Premium

- Continue to assess financial market and when cost-effective, refinance available bonds as prudent.

Total, Capitalized Bond Premium	0	16,300	6,000
Total, Capital Equipment/Capitalized Bond Premium . . .	14,300	34,600	20,600

Explanation of Funding Changes From FY 2000 to FY 2001

	FY 2001 vs. FY 2000 ($000)
Capital Equipment	
■ Decrease due to implementation of Business Solutions Project.	-3,700
Capitalized Bond Premium	
■ Decrease in anticipated bond refinancing due to evolving refinancing opportunities	-10,300
Total, Capital Equipment/Bond Premium – Capital.	-14,000

Transmission Business Line - Expense

Mission Supporting Goals and Objectives

This activity provides for the transmission system services of engineering, operations and maintenance for BPA's electric transmission system of 15,000 circuit miles (24,135 circuit kilometers) of lines, 360 substations, and associated power system control and communication facilities with an invested cost of more than $4.8 billion. Primary strategies of this program are: 1) maintain the safety and reliability of the transmission system; 2) increase the focus on customers; 3) optimize the transmission system; and 4) improve BPA s competitive position.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	$ Change	% Change
Engineering	19,900	29,000	30,100	+1,100	+3.8%
Operations	48,300	71,000	71,100	+100	+0.1%
Maintenance	122,300	118,300	117,400	-900	-0.8%
Total, Transmission Business Line - Operating Expense	190,500	218,300	218,600	+300	+0.1%

Detailed Program Justification:

(dollars in thousands)

FY 1999	FY 2000	FY 2001

Engineering

- Continue efforts to identify best methods for improving system reliability and maintenance practices.
- Continue cost reduction efforts by identifying opportunities for low cost reinforcement & voltage support of the existing transmission system.

- R&D: Conduct in-house transmission system research and development, including (1) studies on reliability, HVDC (high voltage direct current) and HVAC (high voltage alternating current) outage reduction, (2) methods to update existing facilities and reduce maintenance costs
including reliability-centered monitoring and recording methods for analysis.

	(dollars in thousands)		
	FY 1999	FY 2000	FY 2001

- Technical Support: Provide technical support activities, such as transmission system planning and studies to optimize portions of the system.

- Capital-to-Expense Adjustments: Annually, BPA analyzes its outstanding capital work orders to assess whether they should be expensed.

- Reimbursable Transactions: BPA enters into written agreements with Federal and non-Federal entities that have work or services to be performed by BPA staff at the expense of the benefiting utilities. The projects must be beneficial, under the one-utility concept, to BPA operations and to the Federal or non-Federal entity involved. Additionally, these activities contribute to more efficient or reliable construction of the Federal transmission system or otherwise enhance electric service to the region.

- Leased Facilities: BPA leases delivery facilities and voltage support facilities to support the transmission system instead of building or purchasing new assets.

Total Engineering	19,900	29,000	30,100

Operations

- FY 1999: Continue to operate within parameters of regional transmission authorities. Prepare for increased complexity of outage scheduling, transmission scheduling, and dispatching as well as impact of an expected high attrition rate of skilled operations workforce by recruiting and training apprentices and system schedulers. Develop and implement Business system & tools. Implement Year 2000 changes in system control & general computer system software. FY 2000: Continue to operate within parameters

(dollars in thousands)

FY 1999	FY 2000	FY 2001

of regional transmission authorities. Prepare for increased complexity of outage scheduling, transmission scheduling, and dispatching as well as impact of an expected high attrition rate of skilled Operation dispatching workforce by recruiting and training apprentices & skilled replacements. Continue development and implementation of Business systems & tools. FY 2001: Continue to operate within parameters of regional transmission authorities. Continue preparation for increased complexity of outage scheduling, transmission scheduling, and dispatching as well as impact of an expected high attrition rate of skilled Operation dispatching workforce by recruiting and training apprentices & skilled replacements. Continue development and implementation of Business systems & tools.

- Substation Operations: Perform operations functions necessary to provide electric service to customers and to protect the Government's investment in electric equipment. Includes equipment adjustments, switching lines and equipment during emergencies or maintenance, isolating damaged equipment, restoring service to customers, and inspecting equipment, reading meters, etc.

- Power System Control & Dispatching: Includes central dispatching, control, and monitoring of the electric operation of the Federal transmission system. Also includes load, frequency, and voltage control of Federal generating plants; and operation of the system control and data computers at Dittmer and Munro Control Centers.

- Operations Standards & Engineering: Includes analyzing system loads, voltage levels, outage information, stability levels and other data, and making policy recommendations for system operations and related affairs. Provides for development of control center requirements for

	(dollars in thousands)		
	FY 1999	FY 2000	FY 2001
centralized automation of substations and generation, and BPA participation with other utilities in developing utility operating standards and guides.			
■ Marketing, Sales, & Services: Provides management and direction of Transmission Rates, provides business strategy in marketing of transmission and ancillary products and services of the Transmission Business Line.			
■ Transmission Scheduling: Provides open access to the Federal Transmission System consistent with transmission tariffs approved by FERC. Schedule and market transmission capacity to BPA customers, California ISO and Pacific Northwest's interconnected utilities. Manages the reservations and scheduling of all transmission services associated with the transmission tariffs.			
Total Operations	48,300	71,000	71,100

Maintenance:

- In all aspects of maintenance, Bonneville is shifting to the implementation of reliability-centered maintenance practices. This change is focused on improving system reliability and significantly reducing maintenance costs.

  FY 1999: Continue to refine Reliability Centered Maintenance practices at all of BPA's 7 O&M regions. Continue to improve performance to meet SAIFI and SAIDI targets. Continued efforts to achieve the System Average Interruption Frequency Index (SAIFI) target of 4 or fewer automatic interruptions at 94 percent of BPA points of delivery (PODs) and the System Average Interruption Duration Index (SAIDI) target of 150 minutes or less of automatic interruptions at 94 percent of PODs. Incorporate maintenance of fiber optics cable with existing workload. Prepare for the impact of an expected high attrition rate of BPA's skilled maintenance workforce by recruiting

(dollars in thousands)

FY 1999	FY 2000	FY 2001

apprentices and technical replacements for critical minimum crew size workload positions. Increase outage scheduling planning to increase customer satisfaction. Continue high levels of vegetation management.

FY 2000: Continue to refine RCM practices at all of BPA's O&M regions. Continue to improve performance to meet SAIFI and SAIDI targets as explained above. Prepare for the impact of an expected high attrition rate among BPA's aging workforce by recruiting apprentices and replacements for critical minimum crew size workload positions. Increase outage scheduling planning to increase customer satisfaction. Continue high levels of vegetation management.

FY 2001: Continue to refine RCM practices at all of BPA's O&M regions. Continue to improve performance to meet SAIFI and SAIDI targets as explained above. Continue to prepare for the impact of an expected high attrition rate among BPA's aging workforce by recruiting apprentices and replacements for critical minimum crew size workload positions. Increase outage scheduling planning to increase customer satisfaction. Continue high levels of vegetation management

- Transmission Line Maintenance: Maintain and repair nearly 24,135 km (15,000 circuit miles) of high voltage transmission lines, of which over 6,436 km (4,000 circuit miles) are 500-kV transmission EHV (extra-high voltage), which is two and one-half times more labor-intensive than lower transmission voltages, although more efficient in transmission of power. This responsibility includes maintaining transmission rights of way to ensure system reliability, safety and environmental compliance.

- Substation Maintenance: Provides for service and repair of the transmission system power

	(dollars in thousands)		
	FY 1999	FY 2000	FY 2001

equipment located at more than 360 work sites annually.

- System Protection Maintenance: Provides for the maintenance of relaying and metering equipment used to control and protect the electrical transmission system and to meter energy transfers for the purpose of revenue billing. Additionally, field engineering services provide technical advice and assure the correct operation of power system relaying and special control systems used to support interregional energy transmission capabilities.

- Power System Control Maintenance: Provides for the testing, repair, and field engineering support of BPA's highly complex equipment, communications and control systems, including seven major microwave systems and other critical communications and control systems that support the power system.

- Non-Electric Plant Maintenance: Provides for the maintenance of BPA's non-electric facilities. Includes site, building, and building utility maintenance; custodial services; station utility; and other maintenance service activities on BPA-owned or BPA-leased non-electric facilities.

- Maintenance Standards & Engineering: Provides for establishing, monitoring, and updating system maintenance standards, policies, and procedures; and for the review and update of long-range plans for maintenance of the electric power transmission system.

Total, Maintenance	122,300	118,300	117,400
Total Transmission Business Line - Expense	190,500	218,300	218,600

Explanation of Funding Changes From FY 2000 to FY 2001

	FY 2001 vs. FY 2000 ($000)
Engineering	
■ Increased costs due to increased reliability opportunities through leased delivery & voltage support facilities.	+1,100
Operations	
■ Minor increase due to implementation of marketing transmission & ancillary products.	+100
Maintenance	
■ Decrease in costs due to planning and project scheduling efficiencies.	-900
Total, Transmission Services – Expense.	+300

Power Business Line - Operating Expense

Mission Supporting Goals and Objectives:

Production includes all BPA strategic resource planning and business development, short and long-term power purchases, wheeling, electric utility marketing of resources, generation and oversight costs, including the large thermal nuclear projects. These activities identify the Administrator's load obligations, plans and develops products and services to meet the needs of BPA customers, and acquire resources as needed. As a means of mitigating power market risk, Bonneville is a participant in the electricity futures market, which was founded in March 1996 by the New York Mercantile Exchange.

Associated Projects provide funding for power related operation and maintenance costs; minor additions, improvements, and replacements; and liabilities of the U.S. Army Corps of Engineers and U.S. Bureau of Reclamation hydroelectric projects in the Pacific which serve many purposes. Both agencies are emphasizing efficient power production from existing facilities and improvement of the performance and availability of power units. BPA pays additional financing costs of the Federal Columbia River Power System facilities through its Interest Expense and Capital Transfer budget programs. BPA is responsible for the actual operations and maintenance expenditures incurred as part of the Lower Snake River Compensation Plan (LSRCP) hatcheries and repays Treasury accordingly. Bonneville is responsible for annual payments to the Confederated Tribes of the Colville Reservation for their claims concerning their contribution to the production of hydropower by the Grand Coulee Dam in accordance with the Settlement Agreement between the United States and the Tribes (April, 1994).

Fish and Wildlife expenses provide for the protection, enhancement and mitigation of Columbia River Basin fish and wildlife losses attributed to the development and operation of hydroelectric projects on the Columbia River and its tributaries. BPA discharges a major portion of its fish and wildlife responsibilities pursuant to Section 4(h) of the Northwest Power Act by funding projects and activities designed to be consistent with the Northwest Power Planning Council's (Planning Council) Fish and Wildlife Program. To satisfy its responsibilities under the Endangered Species Act, BPA implements measures in the biological opinions issued by the NMFS and the USFWS regarding the operations of the Federal Columbia River hydro system. The expenses associated with implementing the reasonable and prudent alternatives of the biological opinions that relate to BPA's direct fish and wildlife program are included in this budget projection. Additionally, these expense amounts reflect, and are consistent with, the fish and wildlife budget agreement announced by the Administration in October 1995 and the Memorandum of Agreement of September 1996 that calls for BPA to make available fish and wildlife funding of $252 million per year and operations estimated to result in lost revenues and purchased power costs of $88-$285 million per year for the period FY 1996 through FY 2001. The 1998 Biological Opinion for steelhead increased the range estimated to result in lost revenues and purchased power costs by an average of $16 million per year through FY 2001.

BPA's fish and wildlife expense funds are directed at activities that increase numbers of Columbia River Basin fish and wildlife resources including projects designed to improve habitat conditions for fish and wildlife, juvenile fish passage at mainstream dams, resource studies, monitoring and evaluation, and facility operation and maintenance. The priority for project funding focuses first on

implementing the reasonable and prudent alternatives contained in the NMFS and USFWS biological opinions, and second, on implementing the Planning Council's Fish and Wildlife Program.

The FY 1997 Energy and Water Appropriations Bill added section 4(h)(10)(D) to the Northwest Power Planning and Conservation Act, directing the Planning Council to appoint a Scientific Review Panel "to review projects proposed to be funded through that portion of Bonneville Power Administration's fish and wildlife budget that implements the Planning Council's fish and wildlife program." And, ". . . in making its recommendations to BPA, the Planning Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Consequently, projects funded under Bonneville's direct program will be reviewed and prioritized as part of the Planning Council initiative process.

The Northwest Power Act created the residential exchange program to extend the benefits of low-cost Federal power to the residential and small farm customers of investor-owned (IOU) and publicly-owned utilities. Due in part to concerns expressed during the 1996 rate case about BPA's expected reduction in Residential Exchange Program costs through June 30, 2001 (when exchange contracts expire), and thus a decrease in benefits to regional IOU and public agency program participants, the Energy and Water Development Appropriations Act, Public Law 104-46, established Residential Exchange costs at $145 million for fiscal year 1997. Conference report language encouraged BPA to reach settlement agreements with participants in order to "gradually phase out the Residential Exchange Program by October 1, 2001." The 1996 Comprehensive Regional Review also recommended that settlement discussions continue regarding the Residential Exchange Program. Settlement agreements have now been reached with all publicly-owned utilities that have participated in the exchange program and investor-owned utilities. In accordance with its formally-adopted power subscription strategy, BPA will be offering settlement contracts to the investor-owned utilities eligible for the residential exchange benefits post-2001. The settlement contracts will offer a mix of actual power sales and financial exchanges to those who will relinquish their exchange rights for the term of the contracts.

The Northwest Power Act directs that expenses of the Planning Council, subject to certain limits based on forecasted BPA power sales, shall be included in BPA's annual budget to Congress. Funding for the Planning Council is provided by Bonneville and is recovered through Bonneville rates. Its major activities include the periodic preparation of a northwest Conservation and Electric Power Plan (a 20 year electric energy demand and resources forecast and energy conservation program) and a Columbia River Basin Fish and Wildlife Program of loss mitigation and resource enhancement actions.

The competitive market situation is driving the need for alternatives to the traditional approaches to developing conservation resources. BPA is transitioning from centralized BPA funded programs to new customer driven approaches. BPA is participating with other regional entities to support market transformation and development activities while facilitating activities, which meet the needs of our customers and create business opportunities for the private sector in the Pacific Northwest. Pursuant to the power subscription strategy, BPA will be moving to a conservation rate credit system post-2001 for the preponderance of its conservation incentive to utility customers.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	$ Change	% Change
Production	1,236,100	1,088,400	1,086,600	-1,800	-0.2%
Associated Projects Costs.	168,600	177,400	180,200	+2,800	+1.6%
Fish & Wildlife.	107,500	110,000	105,000	-5,000	-4.5%
Residential Exchange	63,500	63,500	68,000	+4,500	+7.1%
Planning Council	6,900	7,100	6,900	-200	-2.8%
Conservation and Energy Efficiency	33,700	34.800	34,100	-700	-2.0%
Total, Power Services - Operating Expense	1,616,300	1,481,200	1,480,800	-400	0.0%

Detailed Program Justification

(dollars in thousands)

FY 1999	FY 2000	FY 2001

Production

- Short-Term Power Purchases/PNCA Interchange: Purchase power for resale, fish mitigation or for the efficient operation of the power system. Under terms of the Pacific Northwest Coordination Agreement (PNCA), make payments to other generating utilities for power received as interchange energy. Interchange energy is energy transferred between utilities either to supply all or a part of any deficiency between a utility's actual energy capability and its firm energy load carrying capability or to return such energy to the supplying utility.

- Power Scheduling/Marketing: Schedule and market electric energy to BPA customers and Pacific Northwest's interconnected utilities. Place major emphasis on scheduling and supporting implementation of intertie access policy and streamflow coordination with the water budget of the Fish and Wildlife Program.

- Trojan: Continue termination and decommissioning of BPA's 30 percent share of the Trojan Nuclear Plant. Major activities associated with the

(dollars in thousands)

FY 1999	FY 2000	FY 2001

decommissioning of Trojan should begin to decrease in FY2001.

- WNP-2: Continue to acquire full capability of WNP-2. WNP-2 is transitioning to a 24-month fuel cycle from the current 12-month cycle. Changes are due to increased fuel costs associated with the transition and other major capital projects scheduled for FY 2001.

- WNP-1/WNP-3: Continued to fulfill contractual obligations for WNP-1 and WNP-3.

- Long-Term Power Purchases and Wheeling:
  FY 1999: Continue to acquire 100 percent of the Idaho Falls, Cowlitz Falls hydroelectric project output and the Wauna project output. Continue contract payments on four billing credit projects.
  FY 2000: Continue to acquire 100 percent of the Idaho Falls, Cowlitz Falls, Wauna and BPA's share of Wyoming Wind project output. Continue contract payments on four billing credit projects.
  FY 2001: Continue to acquire 100 percent of the Idaho Falls, Cowlitz Falls, Wauna, and BPA's share of Wyoming Wind project output. Continue contract payments on four billing credit projects.

- Generation & Oversight:
  FY 1999: Continue to provide oversight of all contracts signed to date. CARES sponsored Columbia Wind Farm Project was cancelled. Completed contracting and construction for the Foote Creek II Wind Project. Began the National Environmental Policy Act (NEPA) process for the FPL State Line Project and the ENRON Columbia Wind Farm Project. Completed the NEPA process for the Fourmile Hill Geothermal Project and issued a Record of Decision. Continued the NEPA process for the Telephone Flat Geothermal Project. Continued to fund the Pacific Northwest Wind Resource Study and to co-fund the Regional Solar Monitoring Project. Provided oversight of large thermal generating plants from which BPA purchases capability. Coordinated operation of the Pacific Northwest and Canadian Power Systems. Provided litigation and legal services covering existing and

	(dollars in thousands)		
	FY 1999	FY 2000	FY 2001
prospective financing arrangements involving the nuclear generating projects; Columbia River Treaty, non-Treaty and related resources issues. Includes major contract with the Department of Justice for the WNP-1 and WNP-3 cost sharing contracts signed to date. FY 2000: Complete the NEPA process and issue a Record of Decision for the FPL State Line Wind Project, the ENRON Columbia Wind Farm Project, and the Telephone Flat Geothermal Project. Continue to fund the Pacific Northwest Wind Resource Study and to co-fund the Regional Solar Monitoring Project. Provide oversight of large thermal generating plants from which BPA purchases capability. Develop coordinated operation of the Pacific Northwest and Canadian Power Systems, investigate and analyze Canadian proposals for power export. FY 2001: Continue to provide oversight of all contracts signed to date. Provide oversight of large thermal generating plants from which BPA purchases capability to insure that all BPA approval rights are protected; coordinate, communicate and administer agreements, issues and programs between BPA and the project owners.			
Total, Production	1,236,100	1,088,400	1,086,600

Associated Project Costs

- Support FCRPS project costs and work to improve relationships to improve project support and better understand project costs. This helps to maintain FCRPS system integrity and the attainment of BPA's strategic business objectives.

- Bureau of Reclamation:
  FY1999: Continue direct funding Bureau O&M power activities.
  FY2000: Continue direct funding Bureau O&M power activities.
  FY2001: Continue direct funding Bureau O&M power activities.

- Corps of Engineers:
  FY1999: Begin direct funding Corps O&M power

	(dollars in thousands)		
	FY 1999	FY 2000	FY 2001
activities. FY2000: Continue direct funding Corps O&M power activities. FY2001: Continue direct funding Corps O&M power activities.			
Total, Associated Project Costs	168,600	177,400	180,200

Fish and Wildlife

In a manner consistent with the Fish and Wildlife Budget Memorandum of Agreement of October 1996:

- Anadromous Fish: Continue implementing projects which support Endangered Species Act listed species and other measures called for under the NMFS BO. Continue to fund and implement Northwest Power Act responsibilities and Planning Council's Fish and Wildlife program based on measures installed in FY 1996 and before. Continue to implement and develop downstream migration, disease and predator control programs, artificial production methods, and habitat improvement activities. These activities have been selected in response to the Pacific Northwest Electric Power Planning and Conservation Act (Power Act) to "protect, mitigate and enhance fish and wildlife including related spawning grounds and habitat on the Columbia River and its tributaries".

- Resident Fish: Continue to study the effects of reservoir operation on the resident fish population. Continue efforts for in-stream flow studies, stock status studies, habitat improvement and monitoring evaluation studies, and white sturgeon habitat requirements consistent with Endangered Species Act requirements. Continue activities associated with species under review for possible listing as threatened or endangered under the Endangered Species Act. Continued efforts conducted in FY 1997 and prior. These activities have been selected in response to the Pacific Northwest Electric Power Planning and Conservation Act (Power Act) to "protect, mitigate and enhance fish and wildlife including related spawning grounds and habitat on the Columbia River and its tributaries".

	(dollars in thousands)		
	FY 1999	FY 2000	FY 2001
■ Continue mitigation in resident fish for anadromous losses (substitution), mitigation for reservoir operation impacts to resident fish, and continue to refine, quantify, and delineate the difference between the two.			
■ Wildlife: Continue the FY 1996 program including funding for wildlife actions resulting from Planning Council Fish and Wildlife Program amendments for wildlife mitigation. These activities have been selected in response to the Pacific Northwest Electric Power Planning and Conservation Act (Power Act) to "protect, mitigate and enhance fish and wildlife including related spawning grounds and habitat on the Columbia River and its tributaries".			
Total, Fish and Wildlife	107,500	110,000	105,000
Residential Exchange			
Fiscal Years 1999, 2000 and 2001 include contract settlement agreement costs consistent with Congressional intent to phase out the Residential Exchange Program.			
Total, Residential Exchange	63,500	63,500	68,000
Planning Council	6,900	7,100	6,900
Conservation and Energy Efficiency			
■ Support utilities in transition to locally funded conservation programs and development of local conservation plans to meet specific customer needs. Oversee and monitor program closeout for residential, commercial, industrial, and agricultural conservation acquisitions.			
■ Energy Efficiency supports the Power business line in bundling energy efficiency and other services into future power sales. Energy Efficiency also provides technical support to the Power business line in supporting utilities' efforts to take advantage of the Conservation and Renewables Rate Discount.			

(dollars in thousands)

	FY 1999	FY 2000	FY 2001
■ Create and enhance markets for energy efficiency and end-use renewables through delivery of public benefits. Promote the development and implementation of new energy efficiency technologies. Provide leadership and collaborative funding for market transformation initiatives. Continue activities being performed through the regionally funded Northwest Energy Efficiency Alliance through a multi-party agreement signed in 1997.			
■ Provide project support work for other federal agencies in their efforts to meet the mandates of Executive Order 13123. Bonneville will operate within the 13 guidelines established as part of the Regional Review including the guidance for market development activities to be self-supporting by FY 2000.			
Total, Conservation and Energy Efficiency	33,700	34,800	34,100
Total, Power Business Line – Expense	1,616,300	1,481,200	1,480,800

Explanation of Funding Changes from FY 2000 to FY 2001

	FY 2001 vs. FY 2000 ($000)
Production:	
■ Minor decreased costs due to anticipated increases in power efficiency activities	-1,800
Associated Project Costs:	
■ Minor increased costs due to minor additions, improvements, and replacements	+2,800
Fish and Wildlife:	
■ Reduction in FY 2001 due to anticipated prioritization of funding needs	-5,000
Residential Exchange:	
■ Minor increased costs due to negotiated settlement agreements.	+4,500
Planning Council:	
■ Minor decrease due to anticipated efficiencies in operations.	- 200
Conservation and Energy Efficiency:	
■ Minor decreased costs due to program funding requirements	-700
Total, Power Expense	-400

Interest, Pension and Post-retirement Benefits Operating Expense

Mission Supporting Goals and Objectives

Interest expense provides for the payment of interest due on Federal Columbia River Power System (FCRPS) debt. This consists of capital investment in FCRPS hydroelectric generating and transmission facilities of BPA, the Corps of Engineers and the Bureau of Reclamation. Investments were financed by Congressional appropriations and BPA borrowings from the U.S. Treasury. BPA repays FCRPS debt through its power sales and transmission services revenues.

Since receiving Treasury borrowing authority in 1974 under the Transmission System Act, all BPA borrowings have been at market rates. As of October 1, 1996, all of BPA's repayment obligations on FCRPS appropriated investment (Corps and Bureau FCRPS investment and BPA investment financed with appropriations prior to the Transmission System Act) which were unpaid as of September 30, 1996, were restructured and assigned new current-market interest rates. The Bonneville Appropriations Refinancing Act of 1996 (Act) called for resetting (reducing) the unpaid principal of FCRPS appropriations and reassigning (increasing) interest rates. New principal amounts were established as of the beginning of FY 1997, at the present value of the principal and annual interest payments BPA would make to the U.S. Treasury for these obligations in the absence of the legislation, plus $100 million. The new principal amounts are then assigned new interest rates based on the Treasury yield curve rates prevailing at the end of FY 1996. BPA's outstanding repayment obligations on appropriations at the end of FY 1996 were $6.7 billion with a weighted average interest rate of 3.4 percent. The refinancing reduced the principal amount to $4.1 billion with a weighted average interest rate of 7.1 percent. Implementation of the refinancing took place in 1997, after audited actual financial data was available. As called for in the legislation, BPA submitted its calculations and interest rate assignments implementing the Act to Treasury for their review and approval. Treasury approved the implementation calculations in July 1997. The Act also calls for all future FCRPS appropriations to be assigned prevailing Treasury yield curve interest rates.

Interest estimates are a direct function of costs of Treasury borrowing to BPA, repayment status of outstanding FCRPS investments, and projected additions to FCRPS plant in service. The interest cost estimates below include the impact of BPA's appropriation refinancing legislation.

Pension and Post-retirement Benefits assumes that Bonneville will continue in FY 2001 to prospectively cover the full unfunded liability that will accrue in fiscal years after FY 1997 of the Civil Service Retirement and Disability Fund (Disability Fund), the Employees Health Benefits Fund (Health Fund) and the Employees Life Insurance Fund (Insurance Fund) that it has not covered prior to FY 1998. The unfunded liability is the difference in the current cost of paying

current Federal Columbia River Power System(FCRPS) employees retirement benefits and the sum of (1) seven percent withheld from current employees salaries and (2) an additional seven percent of wages that the FCRPS must already contribute into the Disability Fund each year. This FY 2001 Budget is consistent with the FY 2000 Administration's Budget which assumed the entire Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001 in order to meet competitive market pressures. The following amounts are assumed to be recovered by Bonneville: $4.1 million in FY 1999; $ 6.0 million in FY 2000; $8.0 million in FY 2001; $55.2 million in FY 2002, $35.1 million in FY 2003, $30.9 in FY 2004, $26.6 in FY 2005. FY 1999 through FY 2001 amounts are assumed to come from additional Bonneville expense cost reductions. After FY 2002, recovery is assumed to come from new revenues.

Cost estimates include Bonneville and the power related portion of Corps of Engineers, Bureau of Reclamation, and the United States Fish & Wildlife Pension and Post-retirement Benefits. These estimates are subject to further revision following further review. The Administration has determined that no additional legal authority is required for the Bonneville Power Administration to recover these expenses after FY 1997 and to deposit such recovery in the Miscellaneous Receipts of the U.S. Treasury.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	$ Change	%Change
BPA Bond Interest (Net)	128,100	115,100	133,000	+17,900	+15.6%
BPA Appropriation Interest	74,200	68,200	66,800	-1,400	-2.1%
Corps of Engineers Appropriation Interest	168,200	171,300	182,200	+10,900	+6.4%
Lower Snake River Comp Plan Interest	16,100	16,700	16,700	0	0.0%
Bureau of Reclamation Appropriation Interest	33,700	40,500	40,600	+100	+0.2%
Subtotal, Interest – Operating Expense	420,300	411,800	439,300	+27,500	+6.7%
Pension & Post-retirement Benefits . . .	4,100	6,000	8,000	+2,000	+33.3%
Total, Interest, Pension and Post-retirement Benefits	424,400	417,800	447,300	+29,500	+7.1%

Capital Transfers

Mission Supporting Goals and Objectives

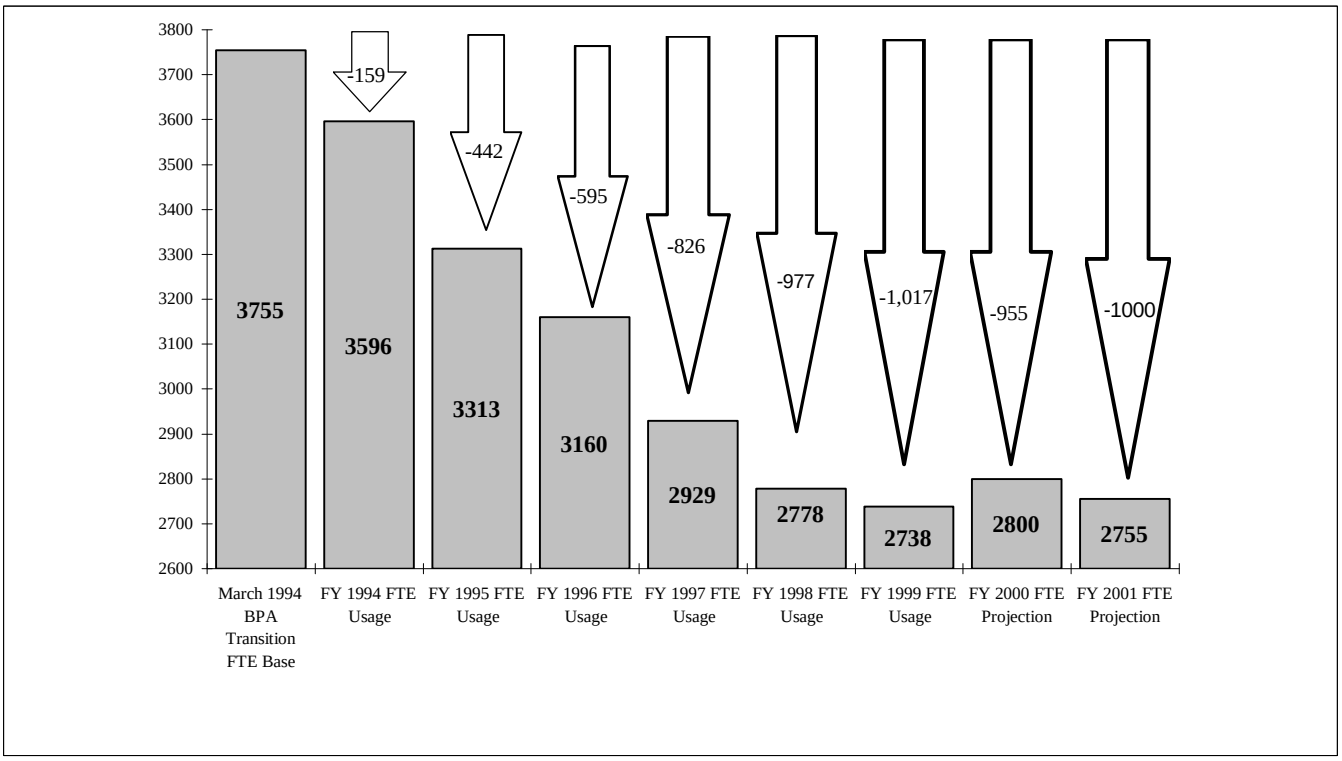
This activity conveys funds to the U.S. Treasury for repayment of certain Federal Columbia River Power System costs not included in the Associated Project Costs budget. Since capital transfers are cash transactions they are not considered budget obligations.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	$ Change	% Change
BPA Bond Amortization	150,000	116,000	63,000	-53,000	-45.7%
Bureau Bond Amortization	0	0	19,000	+19,000	NA
BPA Appropriation Amortization .	41,000	22,000	47,000	+25,000	113.6%
Corps Appropriation Amortization	0	0	34,000	+34,000	NA
Total, Capital Transfers	191,000	164,000	163,000	-1,000	-0.6%

BONNEVILLE FTE REDUCTION
(Revised December 21, 1998)



BPA's March 1994 baseline for FY 1994 was the number of filled positions (permanent and temporary, full and part-time, including student programs charged against FTE allocations) whose incumbents were actually on board and charging against BPA FTE. BPA identified this as baselines for both employment and FTE.

BPA has utilized the following number of Voluntary Separation Incentives (VSIs): 240 in FY 1994, 192 in FY 1995, 138 in FY 1996, 138 in FY 1997, 100 in FY 1998 and BPA estimates it may be able to use 100 - 130 VSIs in FY 1999.

BPA expects a small FTE increase in FYs 2000 and 2001 as part of it's succession planning efforts, but is planning further reductions over time.

(in millions of dollars) KGF 31-Jan-00

FISCAL YEAR

BP-1 SUMMARY	----1999----		---2000----		---2001---		2002	2003	2004	2005
TOTAL OBLIGATIONS/OUTLAYS										
	Oblig.	**Outlays**	**Oblig.**	**Outlays**	**Oblig.**	**Outlays**	**Oblig.**	**Oblig.**	**Oblig.**	**Oblig.**
1 Residential Exchange	64	64	63	63	68	68	53	53	53	53
2 Power Business Line 1/	1,403	1,403	1,266	1,266	1,267	1,267	1,533	1,599	1,554	1,543
3 Transmission Business Line	301	299	386	386	426	426	476	489	415	444
4 Conservation & Energy Efficiency Services	47	47	36	36	34	34	29	27	28	28
5 Fish & Wildlife	123	123	137	137	132	132	167	177	177	177
6 Interest/ Pension 3/	425	425	418	418	447	447	512	490	498	497
7 Associated Project Costs - Capital	32	29	80	80	76	76	90	86	62	62
8 Capital Equipment	14	14	18	18	15	15	5	4	4	4
9 Planning Council	7	7	7	7	7	7	5	5	5	5
10 Projects Funded in Advanced	11	11	25	25	25	25	25	25	25	25
11 Capitalized Bond Premiums	0	0	16	16	6	6	8	6	6	6
12 **TOTAL OBLIGATIONS/ OUTLAYS 2/**	**2,427**	**2,422**	**2,452**	**2,452**	**2,503**	**2,503**	**2,903**	**2,961**	**2,827**	**2,844**

REVENUES AND REIMBURSEMENTS

BP-1 continued

(in millions of dollars)

		----1999----		---2000----		---2001---		2002	2003	2004	2005
		Accru.	Cash	Accru.	Cash	Accru.	Cash	Accru.	Accru.	Accru.	Accru.
13	Revenues 4/	2,618	2,618	2,374	2,374	2,410	2,410	2,892	2,956	2,930	2,933
14	Projects Funded in Advanced	11	11	25	25	25	25	25	25	25	25
15	**TOTAL**	**2,629**	**2,629**	**2,399**	**2,399**	**2,435**	**2,435**	**2,917**	**2,981**	**2,955**	**2,958**
16	**BUDGET AUTHORITY (NET)**	**18**		**53**		**68**		**(15)**	**(19)**	**(128)**	**(114)**
17	**OUTLAYS**		**(203)**		**53**		**68**	**(13)**	**(19)**	**(128)**	**(114)**

1/ The Power Business Line includes Fish & Wildlife, Residential Exchange, Planning Council, Conservation & Energy Efficiency and Associated Project Costs which have been shown separately for display purposes.

2/ BPA's FY 2001 budget has been prepared in accordance with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to the discretionary caps included in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to BPA estimates cannot be used to affect any other budget categories which have their own legal dollar caps.

3/ Pension and Post-retirement Benefits assumes that the Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001. The FY 2001 Budget assumes that the following amounts will be recovered by Bonneville: ; $4.1 million in FY 1999; $6.0 millionin FY 2000; $8.0 million in FY 2001; $55.2 million FY 2002; $35.1 in FY 2003; $30.9 in FY 2004; $26.6 in FY 2005. FY 1999 through FY 2001 amounts are assumed to come from additional Bonneville expense cost reductions. After FY 2001, recovery is assumed to come from new revenues.

4/ Revenues post FY 1999 include BPA accrued expenses, depreciation, net revenues adjusted for risk, and 4(h) 10 (c) credits. 4(h) 10 (c) credits are reflected by the following amounts ; $26.3 million in FY 1999 and $60 million annually for FY's 2000-2005.

BP-2

EXPENSED OBLIGATIONS/OUTLAYS

(in millions of dollars)

FISCAL YEAR

		----1999----		---2000---		---2001---		2002	2003	2004	2005
		Oblig.	**Outlays**	**Oblig.**	**Outlays**	**Oblig.**	**Outlays**	**Oblig.**	**Oblig.**	**Oblig.**	**Oblig.**
1	Residential Exchange	64	64	63	63	68	68	53	53	53	53
2	Power Business Line 1/	1,403	1,403	1,266	1,266	1,267	1,267	1,533	1,599	1,554	1,543
3	Transmission Business Line	190	190	218	218	219	219	237	244	252	259
4	Conservation & Energy Efficiency Services	34	34	35	35	34	34	29	27	28	28
5	Fish & Wildlife	108	108	110	110	105	105	132	139	141	143
6	Interest/ Pension 2/	425	425	418	418	447	447	512	490	498	497
7	Planning Council	7	7	7	7	7	7	5	5	5	5
8	**OBLIGATIONS/ OUTLAYS**	**2,231**	**2,231**	**2,117**	**2,117**	**2,147**	**2,147**	**2,501**	**2,557**	**2,531**	**2,528**
9	Projects Funded in Advance	11	11	25	25	25	25	25	25	25	25

CAPITAL OBLIGATIONS/OUTLAYS
(in millions of dollars)
FISCAL YEAR

	BP-2 continued	---1999---		---2000---		---2001---		2002	2003	2004	2005
		Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
10	Conservation & Energy Efficiency Services	13	13	1	1	0	0	0	0	0	0
11	Transmission Business Line	111	109	168	168	207	207	239	245	163	185
12	Associated Project Costs - Capital	32	29	80	80	76	76	90	86	62	62
13	Fish & Wildlife	15	15	27	27	27	27	35	38	36	34
14	Capital Equipment	14	14	18	18	15	15	5	4	4	4
15	Capitalized Bond Premiums	0	0	16	16	6	6	8	6	6	6
16	**TOTAL CAPITAL INVESTMENTS**	**185**	**180**	**310**	**310**	**331**	**331**	**377**	**379**	**271**	**291**
	BORROWING AUTHORITY TO										
17	**FINANCE CAPITAL OBLIGATIONS 3,4/**	**185**		**310**		**331**		**377**	**379**	**271**	**291**
	BORROWING										
18	**FINANCE OTHER OBLIGATIONS**	**1**		**(93)**		**(100)**		**(127)**	**(158)**	**(140)**	**(83)**
19	**TOTAL BORROWING AUTHORITY**	**185**		**217**		**231**		**250**	**221**	**131**	**208**

1/ The Power Business Line includes Fish & Wildlife, Residential Exchange, Planning Council, Conservation & Energy Efficiency Services and Associated Project Costs which have been shown separately for display purposes.

2/ Pension and Post-retirement Benefits assumes that the Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001. The FY 2001 Budget assumes that the following amounts will be recovered by Bonneville: $4.1 million in FY 1999; $6.0 million in FY 2000; $8.0 million in FY 2001; $55.2 million FY 2002; $35.1 in FY 2003; $30.9 million in FY 2004; $26.6 in FY 2005. FY 1999 through FY 2001 amounts are assumed to come from additional Bonneville expense cost reductions. After FY 2001, recovery is assumed to come from new revenues.

3/ BPA's FY 2001 budget has been prepared in accordance with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to the discretionary caps included in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to BPA estimates cannot be used to affect any other budget categories which have their own legal dollar caps. Because BPA operates within existing legislative authority, BPA is not subject to a Budget Enforcement "pay-as-you-go" test regarding its revision of funding estimates.

4/ Borrowing Authority to Finance Other Obligations represents the use of (positive), or building up of (negative), deferred borrowing. Deferred borrowing is created when Bonneville uses cash from revenues to liquidate capital obligations in lieu of borrowing. This creates the ability in future years to borrow money, when fiscally prudent, to liquidate revenue funded activities. The amount on this line, under the title "Borrowing Authority to Finance Other Obligations" represents the annual use, or creation of deferred borrowing. OMB has requested that Bonneville show this deferred borrowing as a resource carried forward from year-to-year in the

CURRENT SERVICES
(in millions of dollars)
FISCAL YEAR

	CAPITAL TRANSFERS	1999 Pymts	2000 Pymts	2001 Pymts	2002 Pymts	2003 Pymts	2004 Pymts	2005 Pymts
	Amortization:							
20	BPA Bonds	150	142	63	232	194	187	212
21	Bureau Amortization	0	0	19	0	17	0	1
22	BPA Appropriations	41	22	47	33	26	16	8
23	Corps Appropriations	0	0	34	0	3	56	102
24	**TOTAL CAPITAL TRANSFERS**	**191**	**164**	**163**	**265**	**240**	**259**	**323**

STAFFING

24	**FULL-TIME EQUIVALENT EMP. (FTE) 1/**	**2,738**	**2,800**	**2,755**	**2,755**	**2,755**	**2,755**	**2,755**

1/ FTE figures assume continued availability of BPA's VSI authority, receipt in FY 1999 & FY 2000 of "early out" authority from the Office of Personnel Management, and that individuals depart as scheduled.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
(in millions of dollars)

BP-4A

	FY 1999				FY 2000			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**1,958**		**1,958**		**1,958**		**1,958**	
Start-of-Year: 1980 Act	**720**		**720**		**751**		**751**	
Start-of-Year: Total	2,678	2,604	2,678	2,519	2,709	2,635	2,709	2,550
Plus: Annual Increase 1/								
Annual Increase: 1974 Act	**123**		**123**		**202**		**202**	
Annual Increase: 1980 Act	**57**		**57**		**107**		**107**	
Annual Borrowing A. Increase	180	180	180		309	309	309	
Treasury Borrowing (Cash)				180				309
Less:								
Bond Amortization: 1974 Act	**123**		**123**		**93**		**93**	
Bond Amortization: 1980 Act	**26**		**26**		**50**		**50**	
Total BPA Bond Amortization	149	149	149	149	143	143	143	143
Net Increase/(Decrease):								
1974 Act	**0**		**0**		**109**		**109**	
1980 Act	**31**		**31**		**57**		**57**	
Total	31	31	31	31	166	166	166	166
Cum. - End-of-Year: 1974 Act	**1,958**		**1,958**		**2,067**		**2,067**	
End-of-Year: 1980 Act	**751**		**751**		**808**		**808**	
End-of-Year: Total	2,709	2,635	2,709	2,550	2,875	2,801	2,875	2,716
Total Borrowing Authority 2/				1,200				1,034
Total Legislated Borrowing Authority 2/				3,750				3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of Federal debt financing by assuming an optimal allocation of borrowing resources between the Transmission Act cap and the Power Act cap. In addition, BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, c) exploring the use of third-party financing, if feasible.

2/ BPA's total legislated borrowing amount arises from the Transmission Act (PL 93-454). This act provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
(in millions of dollars)

BP-4B

	FY 2001				FY2002			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**2,067**		**2,067**		**2,244**		**2,244**	
Start-of-Year: 1980 Act	**808**		**808**		**911**		**911**	
Start-of-Year: Total	2,875	2,801	2,875	2,716	3,155	3,081	3,155	2,996
Plus: Annual Increase 1/								
Annual Increase: 1974 Act	**240**		**240**		**262**		**262**	
Annual Increase: 1980 Act	**103**		**103**		**125**		**125**	
Annual Borrowing A. Increase	343	343	343		387	387	387	
Treasury Borrowing (Cash)				343				387
Less:								
Bond Amortization: 1974 Act	**63**		**63**		**125**		**125**	
Bond Amortization: 1980 Act	**0**		**0**		**107**		**107**	
Total BPA Bond Amortization 2/	63	63	63	63	232	232	232	232
Net Increase/(Decrease):								
1974 Act	**177**		**177**		**137**		**137**	
1980 Act	**103**		**103**		**18**		**18**	
Total	280	280	280	280	155	155	155	155
Cum. - End-of-Year: 1974 Act	**2,244**		**2,244**		**2,381**		**2,381**	
End-of-Year: 1980 Act	**911**		**911**		**929**		**929**	
End-of-Year: Total	3,155	3,081	3,155	2,996	3,310	3,236	3,310	3,151
Total Borrowing Authority 2/				754				599
Total Legislated Borrowing Authority 2/				3,750				3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of Federal debt financing by assuming an optimal allocation of borrowing resources between the Transmission Act cap and the Power Act cap. In addition, BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, c) exploring the use of third-party financing, if feasible.

2/ BPA's total legislated borrowing amount arises from the Transmission Act (PL 93-454). This act provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
(in millions of dollars)

BP-4C

	FY 2003				FY 2004			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**2,381**		**2,381**		**2,489**		**2,489**	
Start-of-Year: 1980 Act	**929**		**929**		**1,008**		**1,008**	
Start-of-Year: Total	3,310	3,236	3,310	3,151	3,497	3,423	3,497	3,338
Plus: Annual Increase 1/								
Annual Increase: 1974 Act	**256**		**256**		**173**		**173**	
Annual Increase: 1980 Act	**125**		**125**		**98**		**98**	
Annual Borrowing A. Increase	381	381	381		271	271	271	
Treasury Borrowing (Cash)				381				271
Less:								
Bond Amortization: 1974 Act	**148**		**148**		**164**		**164**	
Bond Amortization: 1980 Act	**46**		**46**		**23**		**23**	
Total BPA Bond Amortization 2/	194	194	194	194	187	187	187	187
Net Increase/(Decrease):								
1974 Act	**108**		**108**		**9**		**9**	
1980 Act	**79**		**79**		**75**		**75**	
Total	187	187	187	187	84	84	84	84
Cum. - End-of-Year: 1974 Act	**2,489**		**2,489**		**2,498**		**2,498**	
End-of-Year: 1980 Act	**1,008**		**1,008**		**1,083**		**1,083**	
End-of-Year: Total	3,497	3,423	3,497	3,338	3,581	3,507	3,581	3,422
Total Borrowing Authority 2/				412				328
Total Legislated Borrowing Authority 2/				3,750				3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of Federal debt financing by assuming an optimal allocation of borrowing resources between the Transmission Act cap and the Power Act cap. In addition, BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, c) exploring the use of third-party financing, if feasible.

2/ BPA's total legislated borrowing amount arises from the Transmission Act (PL 93-454). This act provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
(in millions of dollars)

BP-4D

	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**2,498**		**2,498**	
Start-of-Year: 1980 Act	**1,083**		**1,083**	
Start-of-Year: Total	3,581	3,507	3,581	3,422
Plus: Annual Increase 1/				
Annual Increase: 1974 Act	**195**		**195**	
Annual Increase: 1980 Act	**96**		**96**	
Annual Borrowing A. Increase	291	291	291	
Treasury Borrowing (Cash)				291
Less:				
Bond Amortization: 1974 Act	**167**		**167**	
Bond Amortization: 1980 Act	**45**		**45**	
Total BPA Bond Amortization 2/	212	212	212	212
Net Increase/(Decrease):				
1974 Act	**28**		**28**	
1980 Act	**51**		**51**	
Total	79	79	79	79
Cum. - End-of-Year: 1974 Act	**2,526**		**2,526**	
End-of-Year: 1980 Act	**1,134**		**1,134**	
End-of-Year: Total	3,660	3,586	3,660	3,501
Total Borrowing Authority 2/				249
Total Legislated Borrowing Authority 2/				3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of Federal debt financing by assuming an optimal allocation of borrowing resources between the Transmission Act cap and the Power Act cap. In addition, BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, c) exploring the use of third-party financing, if feasible.

2/ BPA's total legislated borrowing amount arises from the Transmission Act (PL 93-454). This act provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion.

PROGRAM & FINANCING SUMMARY

(in millions of dollars)

Identification Code: 89-4045-0-3-271

		1999	2000	est. 2001	2002	2003	2004	2005
Program by activities:								
	Operating expenses:							
0.01	Power Business Line	1,236	1,088	1,087	1,346	1,407	1,361	1,349
0.02	Residential Exchange	63	63	68	53	53	53	53
	Associated Project Costs:							
0.05	Bureau of Reclamation	42	46	48	47	48	48	48
0.06	Corps of Engineers	99	101	102	108	112	112	112
0.07	Colville Settlement	14	15	15	16	16	16	16
0.19	U.S. Fish & Wildlife Service	13	15	15	15	16	17	18
0.20	Planning Council	7	7	7	5	5	5	5
0.21	Fish & Wildlife	108	110	105	132	139	141	143
0.23	Transmission Business Line	190	218	219	237	244	252	259
0.24	Conservation & Energy Efficiency	34	35	34	29	27	28	28
0.25	Interest	421	412	439	457	455	467	470
0.26	Pension and Health Benefits 1/	4	6	8	55	35	31	27
0.91	**Total operating expenses 2/**	**2,231**	**2,116**	**2,147**	**2,500**	**2,557**	**2,531**	**2,528**
	Capital investment:							
1.01	Power Business Line	32	80	76	90	87	62	62
1.02	Transmission Services	111	168	207	239	245	163	185
1.03	Conservation & Energy Efficiency	13	1	0	0	0	0	0
1.04	Fish & Wildlife	15	27	27	35	38	36	34
1.05	Capital Equipment	14	18	15	5	4	4	4
1.06	Capitalized Bond Premiums	0	16	6	8	6	6	6
1.91	**Total Capital Investment 3/**	**185**	**310**	**331**	**377**	**380**	**271**	**291**
2.01	Projects Funded in Advanced	11	25	25	25	25	25	25
10.00	**Total obligations**	**2,427**	**2,451**	**2,503**	**2,902**	**2,962**	**2,827**	**2,844**

1/ Assumes that Bonneville will fully recover, from the sale of electric power and transmission, funds sufficient to cover the full cost of associated Civil Service Retirement System and Post -Retirement Benefits. The full cost of employees working under the Federal Employees Retirement System (FERS) is already fully recovered in Bonneville wholesale electric power and transmission rates.

2/ Reflects expense obligations, not accrued expenses.

3/ Reflects capital obligations, not capital expenditures.

Program and Financing (continued)

(in millions of dollars)

		1999	2000 est.	2001	2002	2003	2004	2005
Financing:								
21.90	Unobligated balance available, start of year: Treasury balance 3/	(440)	(800)	(800)	(800)	(800)	(800)	(800)
24.40	Unobligated balance available, end of year: Treasury balance 3/	(800)	(800)	(800)	(800)	(800)	(800)	(800)
25.00	Unobligated balance lapsing	0	0	0	0	0	0	0
39.00	**Budget authority (gross)**	**2,647**	**2,451**	**2,503**	**2,902**	**2,962**	**2,827**	**2,844**
Budget Authority:								
67.15	Permanent Authority: Authority to borrow (indefinite) 4/	185	217	231	250	221	131	208
69.00	Spending authority from off-setting collections	2,629	2,399	2,435	2,917	2,981	2,955	2,958
69.47	Portion applied to debt reduction 5/	(167)	(165)	(163)	(265)	(240)	(259)	(322)
69.9	**Spending authority from offsetting collections (adjusted)**	**2,462**	**2,234**	**2,272**	**2,652**	**2,741**	**2,696**	**2,636**
Relation of obligations to outlays:								
71.00	Total obligations	2,331	2,452	2,503	2,904	2,961	2,827	2,844
	Obligated balance, start of year:							
72.47	Authority to borrow	175	197	197	197	197	197	197
74.47	Authority to borrow	(197)	(197)	(197)	(197)	(197)	(197)	(197)
87.00	Outlays (gross)	2,426	2,452	2,503	2,904	2,961	2,827	2,844
Adjustments to budget authority and outlays:								
	Deductions for offsetting collections:							
88.00	Federal funds	(90)	(90)	(90)	(90)	(90)	(90)	(90)
88.40	Non-Federal sources	(2,539)	(2,309)	(2,345)	(2,827)	(2,891)	(2,865)	(2,868)
88.90	Total, offsetting collections	(2,629)	(2,399)	(2,435)	(2,917)	(2,981)	(2,955)	(2,958)
89.00	**Budget authority (net)**	**18**	**52**	**68**	**(15)**	**(19)**	**(128)**	**(114)**
90.00	**Outlays (net)**	**(203)**	**53**	**68**	**(13)**	**(19)**	**(128)**	**(114)**

3/ FY 1999-2003 Treasury balance and unobligated balance estimates assume that BPA will borrow the amount needed to finance the full capital program. Actual Treasury borrowing and cash balances will be different, depending on net revenues, Treasury interest rates, and other cash management factors. Borrowing could be higher such that cash balances at the end of each year could equal total reserves.

4/ The Permanent Authority: Authority to borrow (indefinite) amount for FYs 1999-2005 reflects both BPA's capital program financing needs and either the use of, or creation of, deferred borrowing. Deferred borrowing is created when, as a cash and debt management decision, BPA uses cash from revenues to liquidate capital obligations in lieu of borrowing, This temporary use of cash on hand instead of borrowed funds creates the ability in future years to borrow money, when fiscally prudent. Technical Executive Branch budget display and tracking requirements have modified the way BPA shows this deferred borrowing as a resource carried forward from year-to-year. This amount must

therefore be added to, or subtracted from, BPA's current year borrowing authority amount, making this number a combination of capital program financing needs and the annual use, or creation of deferred borrowing. The FY 1989 Energy and Water Development Appropriations Act (P.L. 100-371 of 7/19/88) clarified that BPA has authority to incur obligations in excess of borrowing authority and cash in the BPA Fund. The two amounts which comprise the net amount on line 67.15 above are as follows:

	FISCAL YEAR						
Borrowing Authority:	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
to finance capital obligations	184	310	331	377	381	271	291
to finance other obligations	1	(93)	(100)	(127)	(158)	(140)	(83)
Total Borrowing Authority (67.15)	**185**	**217**	**231**	**250**	**223**	**131**	**208**

5/ Includes amortization of BPA and Corps of Engineers appropriations and amortization of BPA bonds. Line 68.47 is referred to as capital transfers on BP-3.

Estimate of Proprietary Receipts
(in millions of dollars)

	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
Bureau Interest	34	41	41	40	40	39	39
Bureau Amortization	0	0	19	0	0	0	0
Bureau O&M	0	0	0	0	0	0	0
Bureau Irrig. Assist.	0	0	10	0	0	0	0
Colville Settlement (credit)	-18	-15	-15	-16	-16	-16	-16
Total 1/	16	26	55	24	24	23	23
CSRS	4	6	8	55	35	31	27
LSRCP O&M	13	12					
Total 2/	17	18	8	55	35	31	27

1/ Includes amortization of appropriations and irrigation assistance, and interest costs for the Bureau of Reclamation. The cost of power O&M for Bureau of Reclamation is no longer included in Proprietary Receipts due to Direct Funding by Bonneville. Represents transfers to Account #895000.26

2/ The costs of power O&M for Corps of Engineers and Lower Snake Comp. Plan are no longer included in Proprietary Receipts due to Direct Funding by Bonneville.
Represents transfers to Account #892889, Repayments on misc. recoverable costs, not otherwise classified.
Bonneville Direct Funding Costs for Bureau of Reclamation power O&M is as follows ($ in millions): $42 in FY1999, $46 in FY2000, $48 in FY2001, $47 in FY2002, $48 in FY2003, $48 in FY2004, $48 in FY2005
Costs for Corps of Engineers O&M is funded directly by Bonneville as follows (in millions) :
$99 in FY1999, $101 in FY2000, $102 in FY2001, $108 in FY2002, $112 in FY2003, $112 in FY2004, $112 in 2005.
Costs for Lower Snake Comp. Plan O&M are assumed in this budget to be funded directly by Bonneville as follows (in millions) :
$15 in FY2001, $15 in FY2002, $16 in FY2003, $17 in FY2004, $18 in 2005.

TREASURY PAYMENTS

(in millions of dollars)

		FISCAL YEAR						
		1999	2000	2001	2002	2003	2004	2005
A.	**INTEREST ON BONDS & APPROPRIATIONS**							
	Bonneville Bond Interest							
1	Bonneville Bond Interest (net)	126	115	133	142	140	156	158
2	AFUDC 1/	9	8	7	8	8	7	7
	Appropriations Interest							
3	Bonneville	74	68	67	64	60	52	47
4	Corps of Engineers 2/	166	171	182	195	199	205	211
5	Lower Snake River Comp. Plan	16	17	17	17	17	17	17
6	Bureau of Reclamation Interest 3/	34	40	41	40	40	39	39
7	**Total Bond and Approp. Interest**	**425**	**419**	**447**	**466**	**464**	**476**	**479**
B.	**ASSOCIATED PROJECT COST**							
8	Bureau of Reclamation Irrigation Assistance	0	0	10	0	0	0	0
9	Bureau of Rec. O & M 4/	0	0	0	0	0	0	0
10	Corps of Eng. O & M 5/	0	0	0	0	0	0	0
11	L. Snake River Comp. Plan O & M 6/	13	12	0	0	0	0	0
12	**Total Assoc. Project Costs**	**13**	**12**	**10**	**0**	**0**	**0**	**0**
C.	**CAPITAL TRANSFERS**							
	Amortization							
13	Bonneville Bonds	150	142	63	232	194	187	212
14	Bureau of Reclamation Amortization	0	0	19	0	17	0	1
15	Corps of Engineers	0	0	34	0	3	56	102
16	Lower Snake River Comp. Plan	0	0	0	0	0	0	0
17	Bonneville Appropriations	41	22	47	33	26	16	8
20	**Total Capital Transfers**	**191**	**164**	**163**	**265**	**240**	**259**	**323**
21	**TOTAL TREASURY PAYMENTS 7/**	**629**	**595**	**620**	**731**	**704**	**735**	**802**

1/ This interest cost is capitalized and included in Bonneville's Transmission System Development, System Replacements, and Associated Projects Capital programs. AFUDC is financed through the sale of bonds.

2/ Includes interest on construction funding for Corps of Engineers (Corps) fish bypass facilities at Corps dams in the Columbia River Basin, including Lower Monumental, Ice Harbor, and The Dalles dams, as called for in the Fish Spillway Memorandum of Agreement approved on April 10, l989.

3/ Includes payments paid by Bureau to Treasury on behalf of Bonneville.

4/ Costs for Bureau of Reclamation power O&M is funded directly by Bonneville as follows (in millions) $42 in FY1999, $46 in FY2000, $48 in FY2001, $47 in FY2002, $48 in FY 2003, $48 in FY2004, $48 in FY2005.

5/ Costs for Corps of Engineers power O&M are funded directly by Bonneville as follows (in millions) : $99 in FY 1999, $101 in FY 2000, $102 in FY2001, $108 in FY2002, $112 in FY2003, $112 in FY2004, . $112 in FY 2005.

6/ Costs for Lower Snake River Comp. Plan power O&M are assumed in this budget to be funded directly by Bonneville as follows(in millions) : $15 in FY2001, $15 in FY2002, $16 in FY2003, $16 in FY2004, $18 in FY 2005.

7/Does not include Treasury bond premiums on refinanced Treasury bonds.

OBJECT CLASSIFICATION STATEMENT
(in millions of dollars)

IDENTIFICATION CODE: 89-4045-0-3-271
DIRECT OBLIGATIONS

ESTIMATES

		1999	2000	2001
11.1	Full-time permanent	166	168	173
11.3	Other than full-time permanent	3	3	3
11.5	Other personnel compensation	16	16	17
11.9	**Total personnel comp.**	**185**	**187**	**193**
12.1	Civilian personnel benefits	43	44	45
21.0	Travel and transportation of persons	8	8	9
22.0	Transportation of things	6	6	6
23.1	Rental payments to GSA	10	10	10
23.2	Rents, other	10	10	11
23.3	Communication, utilities & misc. charges	5	5	5
24.0	Printing and reproduction	0	0	0
25.1	Consulting Services	11	11	11
25.2	Other services	1,405	1,414	1,438
25.3	Purchases from Government Accounts	217	221	226
25.5	R & D Contracts	2	2	2
26.0	Supplies and materials	38	39	39
31.0	Equipment	22	22	23
32.0	Lands and structures	20	21	21
41.0	Grants, subsidies, contributions	22	21	23
43.0	Interest and dividends	423	430	441
99.9	**Total obligations**	2,427	2,451	2,503

DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION

Notes - Fish and Wildlife Investments Crosscut Tables
Fiscal Years 1978 through 1995

These notes support three tables that display the Pacific Northwest electric utility ratepayers' investment in fish and wildlife activities within the Columbia River Basin. The tables represent the annual expense for all fish and wildlife investments funded under the Federal Columbia River Power System from a rate making, revenue requirement perspective for the period Fiscal Years (FY) 1978 to 1995. Where audited actuals are not available in this period, best estimates are used. The three tables cover the following periods: Table 1 - FY 1978 through FY 1984, Table 2 - FY 1985 through FY 1990, and Table 3 - FY 1991 through FY 1995.

The costs shown in the tables are based on budget outlays (rather than obligations) for the year shown. The title "Capital Investments," shown at the top of the table, is presented for information only. The annual expense (interest, amortization, and depreciation) associated with these capital investments is shown under the title "Program Related Fixed Expenses."

BPA has a mandate, under the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), to undertake activities to enhance and support fish and wildlife resources adversely affected by the hydroelectric development of the Columbia River Basin. Under the Act, the Northwest Power Planning Council has established a fish and wildlife program that oversees regional efforts to improve fish and wildlife survival. In conjunction with the Power Planning Council, affected states within the BPA service area, public agencies and Indian tribes, BPA identifies opportunities for effective actions to restore habitat and support fish and wildlife population, and provides funding for those activities.

BPA also has a mandate to implement measures called for under the Endangered Species Act. These measures are part of the Biological Opinions (BO) issued by the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS) regarding the operations of the Federal Columbia River hydro electric system. The expenses associated with the calendar year (CY) 1995 NMFS BO, addressing measures regarding listed salmon species, and the CY 1995 USFWS BO, addressing measures concerning Kootanai River sturgeon and certain Snake River snails, are reflected in the tables.

BPA funding of the Power Planning Council's Fish and Wildlife Program measures and measures called for under ESA, starting in FY 1992, has increasingly become interrelated and as such, difficult to separately track. As a result, the ESA activities reported under the heading "BPA Direct Fish and Wildlife Program" will no longer be separated in forecasts that extend beyond the budget year.

BPA has a direct program "budget" that is the source of funding the Council's Fish and Wildlife Program and certain ESA measures called for in Biological Opinions. This budget is reflected in these tables under two headings. The first is under "Capital Investments" for fish and wildlife, and the second is under "Program Operating Expenses" for BPA fish and wildlife program. (Because these tables present a "revenue requirement" view of BPA's overall fish and wildlife annual investment, only the fixed expenses of the capital investment are included in the total, as noted above.)

Adjustments for implementation of Section 4(h)(10)(C) of the Northwest Power Act for FY 1994 and FY 1995 are $18.7 million and $56.3 million, respectively, are not reflected in Table 3. The Section 4(h)(10)(C) credits were received against BPA's FY 1994 and FY 1995 Treasury repayment. The credit reflects implementation of Section 4(h)(10)(C) which calls for a portion of BPA's fish and wildlife expenses to be allocated to the other purposes of the Federal projects in the Columbia River Basin. Analysis has determined that the BPA's power share is 73 percent and the taxpayer's share is 27 percent.

- The tables represent a "revenue requirement" view of BPA's fish and wildlife funding responsibilities except for foregone revenues. All expenses in these tables are paid for by BPA's ratepayers.
- Power purchases and foregone revenues for FY 1994 reflect the measures contained in the CY 1994 National Marine Fisheries Service's (NMFS) Biological Opinion issued March 16, 1994, pursuant to the Endangered Species Act (ESA). Estimates for FY 1995 reflect the average of 50 water year conditions and reflect the measures contained in the NMFS Biological Opinion issued March 2, 1995, pursuant to ESA. The estimated expenses for FY 1995 are split 50/50 between power purchases and foregone revenues. A detailed accounting

of FY 1995 expenses is not complete at this writing but should be included in later updates to Table 3. A format change in the display of the Power Purchases for Fish Enhancement and Foregone Revenues occurs starting in FY 1994 to better reflect NMFS Biological Opinion elements.

Footnotes

1/ Based on outlays. The BPA Program Expenses - ESA for the period FY 1991 through FY 1995 reflect funding specifically mandated by ESA and also those expenditures that, while not specifically mandated, are intended to assist in the recovery of ESA-listed species. Examples of these projects are the squawfish predator control program and the Kootanai River sturgeon program.

2/ Based on plant-in-service as reported by the Corps of Engineers. Through FY 1977, cumulative plant-in-service is estimated at $165 million. A review of these annual estimates is planned and may result in restatements of annual plant-in-service and resulting adjustments in Program Related Fixed Expenses.

3/ Expenses through FY 1991 are for Water Budget only. ESA implementation began in FY 1992 in anticipation of NMFS listings that led to a Biological Opinion that was issued in calendar year (CY) 1993.

4/ In FY 1993, estimates reflect the CY 1993 NMFS Biological Opinion.

5/ The FY 1994 estimates reflect the measures contained in the 1994 NMFS Biological Opinion issued March 16, 1994. Estimates for FY 1995 reflect NMFS Biological Opinion issued March 2, 1995, and are the average of 50 water year conditions. As noted above, accounting is not complete on FY 1995 hydro operations. Effective in FY 1994, these expenses are displayed with gre ater detail, consistent with categories identified by NMFS in the Biological Opinion.

6/ The estimate for FY 1994 reflects CY 1994 NMFS Biological Opinion spill levels April 10, 1994, through the migration period. It also reflects emergency spill measures implemented by NMFS May 11, 1994 through June 20, 1994.

7/ The estimate for FY 1994 reflects CY 1994 NMFS Biological Opinion flow augmentation volumes plus the additional releases from Dworshak (to elevation 1490 feet) and Upper Columbia reservoirs (1.33 MAF).

8/ Associated Projects costs reflect the power share of the fish and wildlife O&M reimbursed to the Treasury. The amounts shown are based on estimates of the agency, adjusted for actuals by BPA where data is available. (Prior versions of these tables included a line representing estimates for “ESA” related expenses for FY’s 1992 and 1993. This sub-category has been removed because expenses are not separately reported to Bonneville, although ESA expenses are assumed to be imbedded in the expenses of the Federal agencies [excluding the Council which has no ESA related expenses.])

9/ Interest expense includes BPA’s interest on bonds (for fish and wildlife) and interest on the Corps of Engineers (Federal) investment in fish and wildlife assigned to the power purposes of the Federal projects. Amortization reflects BPA’s bonds and depreciation reflects the Federal investment in fish and wildlife. These amounts include expenses for interest during construction on federal investments.

10/ "ESA drawdown" includes operations of the four Lower Snake River dams at near minimum operating pool elevations and John Day Dam at minimum irrigation pool, as in 1992. Other drawdown proposals being studied include physical changes to the Lower Snake River dams. These proposals would result in significantly higher costs and are not included in either the ESA drawdown or reduced forebay levels in these tables.

3/6/96

dmb:230-3171 (ECB-SB31D1)

FISH AND WILDLIFE CROSSCUT

(dollars in millions)

WORKING DRAFT UPDATED 5/1/96	First Funded by:	FY 1978-FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	TABLE 1 Subtotal 78-84
CAPITAL INVESTMENTS							
BPA Fish and Wildlife 1/	BPA	0	0	0	0	0	0
Associated Projects (Federal Hydro) 2/	COE	30.0	17.9	61.7	55.1	9.0	173.7
TOTAL CAPITAL INVESTMENTS		**30.0**	**17.9**	**61.7**	**55.1**	**9.0**	**173.7**
PROGRAM OPERATING EXPENSES							
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/							
Non-ESA Activities	BPA	2.3	2.3	4.6	9.1	19.6	37.9
ESA Activities	BPA	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		2.3	2.3	4.6	9.1	19.6	37.9
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY 1993							
Existing Water Budget 3/	BPA	0.0	0.0	0.0	0.0	12.0	12.0
ESA Implementation 4/	BPA	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		0.0	0.0	0.0	0.0	12.0	12.0
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 1994 5/							
U. Columbia River Water Budget	BPA	---	---	---	---	---	---
Spill for Juvenile/Adult Passage 6/	BPA	---	---	---	---	---	---
Flow Augmentation 7/	BPA	---	---	---	---	---	---
Reduced Forebay Levels	BPA	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---
Subtotal							
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)							
O&M Lower Snake River Hatcheries	USFWS	0.0	0.5	1.0	2.2	3.6	7.3
O&M Corps (w/bypass eff. FY 1992)	COE	15.0	5.4	7.6	9.1	10.0	47.1
O&M Bureau (hatchery eff. FY 1992)	BOR	0.0	0.0	0.0	0.0	0.0	0.0
Other (NW Power Planning Council)	BPA	0.0	0.2	2.9	2.9	2.4	8.4
Subtotal		15.0	6.1	11.5	14.2	16.0	62.8
TOTAL PROGRAM OPERATING EXPENSES		**17.3**	**8.4**	**16.1**	**23.3**	**47.6**	**112.7**
PROGRAM RELATED FIXED EXPENSES 9/							
Interest Expense	BPA	15.0	6.4	9.2	12.1	12.7	55.4
Amortization Expense	BPA	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation Expense	BPA	9.0	2.4	3.2	3.8	3.9	22.3
TOTAL PROGRAM FIXED EXPENSES		**24**	**8.8**	**12.4**	**15.9**	**16.6**	**77.7**
GRAND TOTAL PROGRAM EXPENSES		**41.3**	**17.2**	**28.5**	**39.2**	**64.2**	**190.4**
FOREGONE REVENUES THRU FY 1993							
Spill (at Federal dams)	BPA	0.0	3.0	14.0	1.0	8.0	26.0
ESA Drawdown - Minimum Operating Pool 10/	BPA	0.0	0.0	0.0	0.0	0.0	0.0
		0.0	**3.0**	**14.0**	**1.0**	**8.0**	**26.0**
FOREGONE REVENUES FY 1994 5/							
U. Columbia River Water Budget	BPA	---	---	---	---	---	---
Spill for Juvenile Passage 6/	BPA	---	---	---	---	---	---
Flow Augmentation	BPA	---	---	---	---	---	---
Reduced Forebay Levels 10/	BPA	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---
Subtotal							
TOTAL - PROGAM EXP. & FOREGONE REVENUES		**41.3**	**20.2**	**42.5**	**40.2**	**72.2**	**216.4**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS TABLE.

FISH AND WILDLIFE CROSSCUT

(dollars in millions)

WORKING DRAFT UPDATED 5/1/96	First Funded by:	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	TABLE 2 Subtotal 85-90
CAPITAL INVESTMENTS								
BPA Fish and Wildlife 1/	BPA	10.2	8	4.7	7.7	8.3	16.2	55.1
Associated Projects (Federal Hydro) 2/	COE	46.4	9.1	78.6	7.6	5.3	4.5	151.5
TOTAL CAPITAL INVESTMENTS		**56.6**	**17.1**	**83.3**	**15.3**	**13.6**	**20.7**	**206.6**
PROGRAM OPERATING EXPENSES								
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/								
Non-ESA Activities	BPA	15.9	19.6	22.2	18.8	23.0	32.8	132.3
ESA Activities	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		15.9	19.6	22.2	18.8	23.0	32.8	132.3
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY 1993								
Existing Water Budget 3/	BPA	17.0	74.0	11.0	40.0	40.0	40.0	222.0
ESA Implementation 4/	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		17.0	74.0	11.0	40.0	40.0	40.0	222.0
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	---	---	---	---
Spill for Juvenile/Adult Passage 6/	BPA	---	---	---	---	---	---	---
Flow Augmentation 7/	BPA	---	---	---	---	---	---	---
Reduced Forebay Levels	BPA	---	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---	---
Subtotal								
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)								
O&M Lower Snake River Hatcheries	USFWS	5.4	4.9	5.8	5.1	7.6	8.3	37.1
O&M Corps (w/bypass eff. FY 1992)	COE	11.4	15.8	20.7	10.5	12.3	11.5	82.2
O&M Bureau (hatchery eff. FY 1992)	BOR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (NW Power Planning Council)	BPA	3.1	3.0	3.2	3.4	3.7	3.6	20.0
Subtotal		19.9	23.7	29.7	19.0	23.6	23.4	139.3
TOTAL PROGRAM OPERATING EXPENSES		**52.8**	**117.3**	**62.9**	**77.8**	**86.6**	**96.2**	**493.6**
PROGRAM RELATED FIXED EXPENSES 9/								
Interest Expense	BPA	15.3	17.1	22.2	24.3	24.5	26.0	129.4
Amortization Expense	BPA	0.1	0.5	0.8	1.1	1.7	2.4	6.6
Depreciation Expense	BPA	4.3	4.5	5.5	5.6	5.7	5.9	31.5
TOTAL PROGRAM FIXED EXPENSES		**19.7**	**22.1**	**28.5**	**31**	**31.9**	**34.3**	**167.5**
GRAND TOTAL PROGRAM EXPENSES		**72.5**	**139.4**	**91.4**	**108.8**	**118.5**	**130.5**	**661.1**
FOREGONE REVENUES THRU FY 1993								
Spill (at Federal dams)	BPA	27.0	19.0	9.0	10.0	15.0	15.0	95.0
ESA Drawdown - Minimum Operating Pool 10/	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		27.0	**19.0**	**9.0**	**10.0**	**15.0**	**15.0**	**95.0**
FOREGONE REVENUES FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	---	---	---	---
Spill for Juvenile Passage 6/	BPA	---	---	---	---	---	---	---
Flow Augmentation	BPA	---	---	---	---	---	---	---
Reduced Forebay Levels 10/	BPA	---	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---	---
Subtotal								
TOTAL - PROGAM EXP. & FOREGONE REVENUES		**99.5**	**158.4**	**100.4**	**118.8**	**133.5**	**145.5**	**756.1**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS TABLE.

FISH AND WILDLIFE CROSSCUT

(dollars in millions)

WORKING DRAFT UPDATED 5/1/96	First Funded by:	FY 1991	FY 1992	FY1993	FY 1994	FY 1995	Subtotal FY 91-95	TABLE 3 TOTAL 78-95
CAPITAL INVESTMENTS								
BPA Fish and Wildlife 1/	BPA	17.7	11.2	17.3	20.5	32.5	99.2	154.3
Associated Projects (Federal Hydro) 2/	COE	12.0	4.7	162.0	63.0	48.0	289.7	614.9
TOTAL CAPITAL INVESTMENTS		**29.7**	**15.9**	**179.3**	**83.5**	**80.5**	**388.9**	**769.2**
PROGRAM OPERATING EXPENSES								
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/								
Non-ESA Activities	BPA	32.7	59.4	30.0	43.5	47.7	213.3	383.5
ESA Activities	BPA	0.3	7.6	19.6	12.4	23.7	63.6	63.6
Subtotal		33.0	67.0	49.6	55.9	71.4	276.9	**447.1**
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY 1993								
Existing Water Budget 3/	BPA	40.0	40.0	40.0	0.0	0.0	120.0	354
ESA Implementation 4/	BPA	0.0	19.0	64.0	0.0	0.0	83.0	83
Subtotal		40.0	59.0	104.0	0.0	0.0	203.0	**437.0**
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	40.0	0.0	---	---
Spill for Juvenile/Adult Passage 6/	BPA	---	---	---	5.7	0.0	---	---
Flow Augmentation 7/	BPA	---	---	---	66.0	0.0	---	---
Reduced Forebay Levels	BPA	---	---	---	0.0	0.0	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	0.0	0.0	---	---
Subtotal					111.7	114.0	225.7	225.7
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)								
O&M Lower Snake River Hatcheries	USFWS	8.7	11.2	11.2	12.4	12.7	56.2	100.6
O&M Corps (w/bypass eff. FY 1992)	COE	11.8	13.3	14.0	16.9	17.8	73.8	203.1
O&M Bureau (hatchery eff. FY 1992)	BOR	0.0	0.0	1.2	1.3	1.3	3.8	3.8
Other (NW Power Planning Council)	BPA	3.8	3.9	4.1	4.3	4.3	20.4	48.8
Subtotal		24.3	28.4	30.5	34.9	36.1	154.2	356.3
TOTAL PROGRAM OPERATING EXPENSES		**97.3**	**154.4**	**184.1**	**202.5**	**221.5**	**859.8**	**1466.1**
PROGRAM RELATED FIXED EXPENSES 9/								
Interest Expense	BPA	29.2	31.4	40.6	46.1	44.9	192.2	377
Amortization Expense	BPA	3.6	4.8	5.5	6.8	8.5	29.2	35.8
Depreciation Expense	BPA	5.4	5.7	7.5	8.4	10.2	37.2	91
TOTAL PROGRAM FIXED EXPENSES		**38.2**	**41.9**	**53.6**	**61.3**	**63.6**	**258.6**	**503.8**
GRAND TOTAL PROGRAM EXPENSES		**135.5**	**196.3**	**237.7**	**263.8**	**285.1**	**1118.4**	**1969.9**
FOREGONE REVENUES THRU FY 1993								
Spill (at Federal dams)	BPA	15.0	15.0	20.0	---	---	50.0	171
ESA Drawdown - Minimum Operating Pool 10/	BPA	0.0	8.0	25.0	---	---	33.0	33
		15.0	**23.0**	**45.0**	**0.0**	**0.0**	**83.0**	**204.0**
FOREGONE REVENUES FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	0.0	---	---	0.0
Spill for Juvenile Passage 6/	BPA	---	---	---	32.0	---	---	0.0
Flow Augmentation	BPA	---	---	---	0.0	---	---	0.0
Reduced Forebay Levels 10/	BPA	---	---	---	25.0	---	---	0.0
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	5.0	---	---	0.0
Subtotal					**62.0**	**114.0**	**176.0**	**176.0**
TOTAL - PROGAM EXP. & FOREGONE REVENUES		**150.5**	**219.3**	**282.7**	**325.8**	**399.1**	**1377.4**	**2349.9**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS TABLE.

Executive Summary
BPA Fish and Wildlife Funding Plan
(Dollars in Millions)
5/24/99

FY	Actual 1996	Actual 1997	Actual 1998	Est 1999	Est 2000	Est 2001	96-01 Total	96-01 Avg	Est 2002	Est 2003	Est 2004
Direct Program Expenses									\8	\8	\8
MOA Plan	100.0	100.0	100.0	100.0	100.0	100.0	600.0	100.0			
Avg Expenditure Amount Available 1/	100.0	133.1	153.5	150.7	142.7	134.4					
tual (FY96-98); Planned (FYs 99-01) 2/	68.5	82.2	104.9	110.0	110.0	105.0	580.6	96.8			
Carry Forward Balance 3/ 4/	31.5	50.9	48.6	40.7	32.7	29.4					
Reimbursable F&W Expenses of Other Agencies											
MOA Plan	38.4	40.5	40.5	40.5	40.5	40.5	240.9	40.2			
Avg Expenditure Amount Available	40.2	45.3	50.0	54.5	49.9	43.9					
Actual (FY96-98); Planned (FYs 99-01)	35.4	35.9	36.4	45.3	46.4	49.2	248.6	41.4			
Carry Forward Balance 4/	4.8	9.4	13.6	9.2	3.5	-5.3					
Capital Investments Fixed Expenses											
MOA Plan	73.1	87.2	105.7	117.7	129.3	156.0	669.0	111.5			
Avg Expenditure Amount Available 1/	111.5	151.9	190.3	233.3	272.2	306.1					
Actual (FY96-98); Planned (FYs 99-01)	73.1	76.3	74.4	80.4	87.0	102.8	494.0	82.3			
Carry Forward Balance 4/	38.4	75.6	115.9	152.9	185.2	203.3					
Total											
MOA Plan	211.5	227.7	246.2	258.2	269.8	296.5	#####	251.7			
Avg Expenditure Amount Available 1/	251.7	330.3	393.8	438.5	464.8	484.4					
Actual Expenditures	177.0	194.4	215.7	235.7	243.4	257.0					
Carry Forward Balance 4/	74.7	136.0	178.1	202.8	221.4	227.4					
River Operations											
Power Purchases 5/	0.0	0.0	56.0	91.3	93.6	95.9	336.8	56.1			
Foregone Revenues 5/	81.7	107.8	124.0	61.5	63.0	64.6	502.6	83.8			
Other 7/	4.0	4.0	4.0	4.1	4.2	4.3	24.6	4.1			
Total	85.7	111.8	184.0 8/	156.9	160.8	164.8	864.0	144.0			
Grand Total	262.7	306.2	399.7	392.6	404.2	421.8	#####	364.5 6/			
ESA Related Transmission Enhancements	0.0	12.7	0.0	0.0	0.0	0.0	12.7	2.1			

Assumptions:
Actual Expenditures for all expenses and capital investments reflect FY 1996-1998 actual results. For FY's 1997 through 2001, program expenses and capital investments are consistent with the Fish and Wildlife Budget Memorandum of Agreement for fiscal years 1996 - 2001. This funding stream shows the most likely accruals from the NWPPC prioritization process. Actual accruals may be more or less during a given year within the 6 year MOA period.

Notes:
1/ In addition, $27 million per year in capital funding (borrowing) will be provided by BPA for the Direct Program through 2001. The Interest and Amortization for this is reflected in the Expenditures Plan for the Capital Investment category.
2/ This information is reported on an accrual basis. For Direct Program management purposes, BPA also reports these expenditures on an obligations basis. Typically the accruals lag the obligations, since not all funds are expended in the year in which they are obligated.
3/ BPA's FY 1996 - 2001 Fish and Wildlife Program Expense Budget is $100 million per year. Actual expenses for FY 1996 - 1998 were approximately $48.6 million less than what was available. BPA, in accordance with the MOA, will carry forward this amount with interest.
4/ Includes interest at 5.1 percent for FY's 1998 - 2001. The actual interest rate is determined annually. The interest rate for FY 1996 is 5.083%, 1997 is 5.093% and 4.221% in FY 1998.
5/ Estimated for FY 1996-1998, actual amount will change when the river models are executed.
6/ During the initial discussions when developing the MOA, the "96-01 Avg" was estimated to be about $435 million.
7/ These estimated costs are related to limitations placed on operating ranges (forebay levels and generator efficiency) and other operations for fish which produce effects on power production not identified in Hydro regulation models.
8/ No agreement has been reached at this time on BPA's Fish and Wildlife Budget for fiscal years beyond 2001. Negotiations within the Region are currently taking place for a Fish and Wildlife Agreement for the years beyond FY 2001. As of mid-July 1998, there are 13 alternatives being considered which have a range of annual average expenditures of $438 million to over $724 million. Estimates beyond FY 2001 are expected to be available upon conclusion of the current agreement negotiations. Fish and Wildlife cost estimates throughout this FY2001 budget are consistent with estimates in BPA's initial power rate case. These estimates encompass an average of the 13 alternatives and were deemed to be sufficiently high and broad for BPA rate setting purposes.